

Global Value Fund Limited

A.B.N. 90 168 653 521

**Appendix 4E - Preliminary Financial Report
for the year ended 30 June 2015**

Global Value Fund Limited
Appendix 4E - Preliminary Financial Report
For the year ended 30 June 2015

Preliminary Report

This preliminary report is for the financial year ended 30 June 2015.

Results for announcement to the market *

| | |
|---|------------|
| | \$ |
| Revenue from ordinary activities | 15,366,808 |
| Profit before tax for the year | 12,158,857 |
| Profit from ordinary activities after tax attributable to members | 8,538,899 |

**The amount and percentage up or down from previous periods are not disclosed as the amounts for the comparative reporting period for the Company were nil.*

Dividends

No dividend was paid during the year ended 30 June 2015. Since the end of the financial year, the Company has declared a fully-franked final dividend of 2.0 cents per share to be paid on 6 November 2015.

Option holders who elect to exercise all or part of their options by the close of business on 2 October 2015 will be entitled to receive the fully-franked final dividend including the franking credits attached thereto.

The Directors are investigating revising the current dividend reinvestment plan ("DRP") under which investors may elect to receive their dividends in shares rather than cash, but the DRP will not be available for this dividend.

| Net tangible assets | 30 June | 30 June |
|---|----------------|----------------|
| | 2015 | 2014 |
| | \$ | \$ |
| Net tangible asset backing (per share) before tax | 1.17 | 1.00 |
| Net tangible asset backing (per share) after tax | 1.12 | 1.00 |

*Not adjusted for outstanding options

Outlook

FY2015 was an important and formative year for the Global Value Fund. The Manager fully invested a new portfolio for the Company and the investment returns this portfolio generated allowed the Board to announce the Company's first fully franked dividend. An important milestone for the Company.

The underlying holdings of the Company consist of a portfolio of carefully selected global assets, trading at significant discounts to their intrinsic value. With the portfolio now largely invested, the Manager is optimistic about the outlook for the Company's discount capture strategy given the opportunity set underlying the fund. Further, given the recent volatility in financial markets, the Manager expects to be able to capitalise on new opportunities as they arise whilst seeking to protect shareholders through running a portfolio with meaningfully less market risk than one invested solely in a portfolio of international shares.

The Board continues to anticipate being in a position to announce an interim fully franked dividend with the release of the Company's December half-year results. The size and any payment of an interim dividend for FY2016 will be subject to the Company having sufficient profit reserves and franking credits, and the payment being within prudent business practices. If an interim dividend is declared, the Board expects that it would be payable during April 2016.

Audit

This report is based on the financial report which is in the process of being audited. All the documents comprise the information required by Listing Rule 4.3A.

Global Value Fund Limited
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2015

Statement of Profit or Loss and Other Comprehensive Income

| | Note | 2015 \$ | 2014 \$ |
|--|------|-------------------------|-----------------|
| Income | | | |
| Net realised gains on disposal of investments | | 3,029,446 | - |
| Net unrealised gains on market value movement of investments | | 8,824,619 | - |
| Net realised gains on foreign exchange movement | | 2,598,402 | - |
| Net unrealised gains on foreign exchange movement | | 242,067 | - |
| Interest received | | 149,537 | - |
| Dividends received | | <u>522,737</u> | <u>-</u> |
| Total income | | 15,366,808 | - |
| Expenses | | | |
| Management fees | | (865,059) | - |
| Performance fees | | (1,498,987) | - |
| Administration fees | | (122,766) | - |
| Brokerage expense | | (172,602) | - |
| Accounting fees | | (30,000) | - |
| Share registry fees | | (46,476) | - |
| Interest expense | | (125,763) | - |
| Tax fees | | (16,500) | - |
| Directors' fees | | (95,950) | - |
| Legal fees | | (35,707) | - |
| Secretarial fees | | (38,832) | - |
| ASX fees | | (50,126) | - |
| Audit fees | | (34,100) | - |
| Other expenses | | <u>(75,083)</u> | <u>-</u> |
| Total expenses | | (3,207,951) | - |
| Profit before income tax | | 12,158,857 | - |
| Income tax expense | 3 | <u>(3,619,958)</u> | <u>-</u> |
| Profit attributable to members of the Company | | <u>8,538,899</u> | <u>-</u> |
| Other comprehensive income | | | |
| Other comprehensive income for the year, net of tax | | - | - |
| Total comprehensive income for the year | | <u>8,538,899</u> | <u>-</u> |
| | | Cents | Cents |
| Earnings per share for profit attributable to the ordinary Equity holders of the Company: | | | |
| Basic earnings per share | 10 | 15.22 | - |
| Diluted earnings per share | 10 | 14.77 | - |

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

Global Value Fund Limited
Statement of Financial Position
For the year ended 30 June 2015

Statement of Financial Position

| | Note | 2015 \$ | 2014 \$ |
|---|------|--------------------------|-----------------|
| Assets | | | |
| Cash and cash equivalents | 5 | 26,928,474 | 1 |
| Trade and other receivables | | 80,008 | - |
| Financial assets at fair value through profit or loss | 6 | 51,742,134 | - |
| Deferred tax asset | 3 | <u>173,579</u> | - |
| Total assets | | <u>78,924,195</u> | <u>1</u> |
| Liabilities | | | |
| Trade and other payables | 7 | 1,777,083 | - |
| Current tax liability | 3 | 866,420 | - |
| Deferred tax liability | 3 | <u>2,722,015</u> | - |
| Total liabilities | | <u>5,365,518</u> | <u>-</u> |
| Net Assets | | <u>73,558,677</u> | <u>1</u> |
| Equity | | | |
| Issued capital | 8 | 65,019,778 | 1 |
| Profits Reserve | 9 | 9,098,078 | - |
| Accumulated Losses | 9 | <u>(559,179)</u> | - |
| Total Equity | | <u>73,558,677</u> | <u>1</u> |

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

Global Value Fund Limited
Statement of Changes in Equity
For the year ended 30 June 2015

Statement of Changes in Equity

| | Note | Issued Capital \$ | Retained Earnings/ (Accumulated Losses) \$ | Profits Reserve \$ | Total \$ |
|---|----------|-------------------------|--|--------------------------|-------------------|
| Balance at 20 March 2014 | | - | - | - | - |
| Profit for the period | | - | - | - | - |
| Other comprehensive income for the period | | - | - | - | - |
| Shares issued on incorporation date | | 1 | - | - | 1 |
| Balance at 30 June 2014 | | 1 | - | - | 1 |
| Profit for the year | 9 | - | 8,538,899 | - | 8,538,899 |
| Other comprehensive income for the year | | - | - | - | - |
| Transfer of profits during the year | 9 | - | (9,098,078) | 9,098,078 | - |
| Shares issued, net of transaction costs | 8 | 65,019,777 | - | - | 65,019,777 |
| Balance at 30 June 2015 | | 65,019,778 | (559,179) | 9,098,078 | 73,558,677 |

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

Global Value Fund Limited
Statement of Cash Flows
For the year ended 30 June 2015

Statement of Cash Flows

| | Note | 2015 \$ | 2014 \$ |
|--|----------|----------------------------|-----------------|
| Cash flows from operating activities | | | |
| Proceeds from sale of investments | | 28,794,540 | - |
| Payment for investments | | (68,701,636) | - |
| Realised foreign exchange gain | | 2,598,402 | - |
| Interest received | | 145,088 | - |
| Dividends received | | 547,092 | - |
| Interest paid | | (99,167) | - |
| Management fees paid | | (773,084) | - |
| Payment for other expenses | | <u>(639,504)</u> | <u>-</u> |
| Net cash (used in) operating activities | | <u>(38,128,269)</u> | <u>-</u> |
| Cash flows from financing activities | | | |
| Share issued on incorporation | | - | 1 |
| Share issue transaction costs, gross of tax | | (683,671) | - |
| Shares issued on initial public offering | | 54,084,718 | - |
| Shares issued on options exercised | | 3,775,150 | - |
| Shares issued on placement | | <u>7,638,478</u> | <u>-</u> |
| Net cash provided by financing activities | | <u>64,814,675</u> | <u>1</u> |
| Net increase in cash and cash equivalents held | | 26,686,406 | 1 |
| Cash and cash equivalents at beginning of financial period | | 1 | - |
| Effect of foreign currency exchange rate changes on cash & cash equivalents | | <u>242,067</u> | <u>-</u> |
| Cash and cash equivalents at end of financial period | 5 | <u>26,928,474</u> | <u>1</u> |

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

Global Value Fund Limited
Notes to the Financial Statements
For the year ended 30 June 2015 (continued)

1 General information

Global Value Fund Limited (the "Company") is a listed public company domiciled in Australia. The address of the Company's registered office is C/- Merton's Corporate Services Pty Limited, Level 7, 330 Collins Street, Melbourne. The Company allotted 54,961,600 shares at \$1.00 per share on 14 July 2014, the Company was admitted to the official list on 18 July 2014 and official quotation of the securities on the ASX commenced on 21 July 2014, when the Company began its operations.

2 Summary of significant accounting policies

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

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

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

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

(b) Financial instruments

(i) Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. For financial assets, trade date accounting is adopted, which is equivalent to the date that the Company commits to purchase or sell the assets. Financial instruments are initially measured at fair value. Transaction costs related to instruments classified "at fair value through profit or loss" are expensed to the profit or loss immediately.

(ii) Classification and subsequent measurement

Investments such as shares in publicly listed and unlisted companies, exchange traded call and put options and investments in fixed interest securities are subsequently measured at fair value and are presented in the profit or loss on a liquidity basis. The Company may short sell securities. Short sales or borrowed stock are classified as a financial liability and are revalued to fair value through the profit or loss.

(iii) Financial assets at fair value through profit or loss

Financial assets are classified "at fair value through the profit or loss" when they are held for trading for the purpose of short-term profit taking. Realised and unrealised gains and losses arising from changes in fair value are included in the profit or loss in the period in which they arise.

(iv) Derivative Instruments

Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the profit or loss.

(v) Fair value

Fair value is determined based on current market prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions and reference to similar instruments.

(vi) Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party, whereby the Company no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in the profit or loss.

Global Value Fund Limited
Notes to the Financial Statements
For the year ended 30 June 2015 (continued)

2 Summary of significant accounting policies (continued)

(c) Revenue recognition

Dividend income is recognised in the profit or loss on the day on which the relevant investment is first quoted on an "ex-dividend" basis and is presented net of any withholding taxes.

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset net of any withholding taxes.

(d) Foreign currency

The financial statements of the Company are presented in Australian Dollars (A\$), which is the Company's functional and presentation currency.

Foreign currency transactions during the year are translated into Australian Dollars at the exchange rate at the transaction date. At each reporting date, assets and liabilities denominated in foreign currency are retranslated at the rates prevailing at the reporting date. Foreign exchange gains or losses resulting from the settlement of foreign denominated assets and liabilities will be recognised in profit and loss. Net exchange gains and losses arising on the revaluation of investments will be included in net gains or losses on investments.

(e) Income tax

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

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/(benefit) 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.

(f) Goods and services tax (GST)

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

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

(g) Cash and cash equivalents

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

Global Value Fund Limited
Notes to the Financial Statements
For the year ended 30 June 2015 (continued)

2 Summary of significant accounting policies (continued)

(h) Trade and other receivables

Trade and other receivables relate to outstanding settlement as well as accrued income in relation to interest and dividends receivable. Trade receivables are generally due for settlement within 30 days.

(i) Trade and other payables

These amounts represent liabilities for outstanding settlements as well as services provided to the Company prior to the end of the financial year and which are unpaid. Due to their short-term nature, they are measured at amortised costs and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

(j) Issued capital

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

(k) Profits reserve

A profits reserve has been created representing an amount allocated from retained earnings that is preserved for future dividend payments.

(l) Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the Company

(m) 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.

(n) Operating segments

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

The Company continues to have foreign exposure as it invests in companies which operate internationally.

(o) Critical accounting estimates and judgements

The Directors evaluate the estimates and judgements incorporated into the financial statements based on historical knowledge and the best value available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data.

There are no estimates or judgements that have a material impact on the Company's financial results for the year ended 30 June 2015. All material financial assets are valued by reference to quoted prices and therefore no significant estimates or judgements are required in respect to their valuation.

Global Value Fund Limited
Notes to the Financial Statements
For the year ended 30 June 2015 (continued)

2 Summary of significant accounting policies (continued)

(p) New accounting standards and interpretations

Accounting Standards and Interpretations issued by the AASB that are not yet mandatorily applicable to the Company, together with an assessment of the potential impact of such pronouncements on the Company when adopted in future periods, are discussed below:

AASB 9: *Financial Instruments* and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018).

The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

The key changes that may affect the Company on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective.

| | 2015 | 2014 |
|---|-------------------------|-----------------|
| | \$ | \$ |
| 3 Income tax expense | | |
| (a) Numerical reconciliation of income tax expense to prima facie tax payable | | |
| Prima facie tax on profit before income tax at 30% (2014: 30%) | 3,647,657 | - |
| Tax effect of amounts which are not deductible (taxable) in calculating taxable income: | | |
| Franked dividends receivable | (2,547) | - |
| Imputation credit gross up | 2,842 | - |
| Foreign income tax offset gross up | 7,937 | - |
| Franking credit offset | (9,474) | - |
| Foreign income tax offset | <u>(26,457)</u> | <u>-</u> |
| Income tax expense | <u>3,619,958</u> | <u>-</u> |
| The applicable weighted average effective tax rates are as follows: | 29.8% | - |
| Total income tax expense results from: | | |
| Current tax liability | 866,420 | - |
| Deferred tax liability | 2,722,015 | - |
| Deferred tax asset | <u>31,523</u> | <u>-</u> |
| Income tax expense | <u>3,619,958</u> | <u>-</u> |
| (b) Current tax liability | | |
| Opening balance | - | - |
| Current year income tax payable | <u>866,420</u> | <u>-</u> |
| Closing balance | <u>866,420</u> | <u>-</u> |

Global Value Fund Limited
Notes to the Financial Statements
For the year ended 30 June 2015 (continued)

| | 2015 | 2014 |
|--|------|------|
| | \$ | \$ |

3 Income tax expense (continued)

(c) Deferred tax assets

The balance comprises temporary differences attributable to:

| | | |
|-------------------|-----------------------|-----------------|
| Accruals | 9,499 | - |
| Capitalised costs | <u>164,080</u> | <u>-</u> |
| | <u>173,579</u> | <u>-</u> |

Movements:

| | | |
|---------------------|----------------|----------|
| Opening balance | - | - |
| Charged/credited: | | |
| - to profit or loss | (31,523) | - |
| -directly to equity | <u>205,102</u> | <u>-</u> |

| | | |
|------------------------|-----------------------|-----------------|
| Closing balance | <u>173,579</u> | <u>-</u> |
|------------------------|-----------------------|-----------------|

(d) Deferred tax liabilities

The balance comprises temporary differences attributable to:

| | | |
|------------------------|-------------------------|-----------------|
| Fair value adjustments | 2,720,006 | - |
| Accruals | <u>2,009</u> | <u>-</u> |
| | <u>2,722,015</u> | <u>-</u> |

Movements:

| | | |
|---------------------|------------------|----------|
| Opening balance | - | - |
| Charged/credited: | | |
| - to profit or loss | <u>2,722,015</u> | <u>-</u> |

| | | |
|------------------------|-------------------------|-----------------|
| Closing balance | <u>2,722,015</u> | <u>-</u> |
|------------------------|-------------------------|-----------------|

4 Dividends

(a) Dividends paid

No dividend was paid during the year ended 30 June 2015.

(b) Dividends not recognised at the end of the financial year

| | 2015 | 2014 |
|---|-------------------------|-----------------|
| | \$ | \$ |
| Since year end, the Directors have declared a final dividend of 2.0 cents per fully paid ordinary share, fully franked based on tax paid at 30%. The aggregate amount of the dividend with an ex date of 21 October 2015 and a record date of 23 October 2015, expected to be paid (assuming no options are exercised prior to record date) on 6 November 2015 out of the profits reserve at 30 June 2015, but not recognised as a liability at year end, is: | <u>1,312,365</u> | <u>-</u> |

(c) Dividend reinvestment plan

The Company has a dividend reinvestment plan ("DRP") which the Directors are considering revising. Under the current plan, holders of ordinary shares may elect to have all or part of their dividend entitlements satisfied by the issue of new ordinary shares rather than by being paid in cash. However, there is no DRP to be implemented for this dividend.

Global Value Fund Limited
Notes to the Financial Statements
For the year ended 30 June 2015 (continued)

| | 2015 \$ | 2014 \$ |
|---|-----------------------|------------|
| 4 Dividends (continued) | | |
| (d) Dividend franking account | | |
| The franked portions of the final dividends recommended after 30 June 2015 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the year ended 30 June 2015. | | |
| Opening balance of franking account | - | - |
| Franking credits on dividends received | 9,474 | - |
| Tax paid during the period | <u>-</u> | <u>-</u> |
| Closing balance of franking account | <u>9,474</u> | <u>-</u> |
| Franking credits on dividends receivable | 3,605 | - |
| Adjustments for tax payable/refundable in respect of the current year's profits and the receipt of dividends | <u>866,420</u> | <u>-</u> |
| Adjusted franking account balance | <u>879,499</u> | <u>-</u> |
| 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 period | <u>(589,073)</u> | <u>-</u> |
| Franking credits available for subsequent reporting periods based on a tax rate of 30.0% | <u>290,426</u> | <u>-</u> |

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

| | 2015 \$ | 2014 \$ |
|------------------------------------|--------------------------|-----------------|
| 5 Cash and cash equivalents | | |
| Cash at bank | <u>26,928,474</u> | <u>1</u> |

The Company makes use of swap contracts with its Prime Broker to invest some of its investment portfolio and such contracts result in much of the notional investment value, being the value at risk, remaining on the Company's balance sheet as cash.

6 Financial assets at fair value through profit or loss

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

| | | |
|--|--------------------------|----------|
| Australian and overseas listed equity securities | 50,917,108 | - |
| Derivative financial instruments | <u>825,026</u> | <u>-</u> |
| | <u>51,742,134</u> | <u>-</u> |

Changes in fair values of financial assets at fair value through profit or loss are recorded as income in the Statement of Profit or Loss and Other Comprehensive Income.

| | 2015 \$ | 2014 \$ |
|-----------------------------------|-------------------------|------------|
| 7 Trade and other payables | | |
| Management fees payable | 91,975 | - |
| Performance fees payable | 1,498,987 | - |
| Due to brokers | 41,083 | - |
| Interest payable | 26,596 | - |
| Other payables | <u>118,442</u> | <u>-</u> |
| | <u>1,777,083</u> | <u>-</u> |

Trade and other payables primarily relate to outstanding settlements 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.

Global Value Fund Limited
Notes to the Financial Statements
For the year ended 30 June 2015 (continued)

| | | | |
|----------|--|-----------------------------|------------------------------|
| 8 | Issued capital | No of shares | \$ |
| | (a) Share capital | | |
| | Ordinary shares | <u>65,618,263</u> | <u>65,019,778</u> |
| | (b) Movements in ordinary share capital | | |
| | | Number of shares | Application price |
| | | | \$ |
| | Opening balance | 1 | \$1.00 |
| | Shares issued under IPO | 54,961,600 | \$1.00 * |
| | Options exercised for \$1.00 per share | 3,775,150 | \$1.00 |
| | Share placement | 6,881,512 | \$1.11 |
| | Cost of issued capital, net of tax | - | (478,569) |
| | Closing balance | <u>65,618,263</u> | <u>65,019,778</u> |

On 14 July 2014, the Company issued 54,961,600 fully paid ordinary shares under the initial public offering at an application price of \$1.00 per share.

*Under the offer, Retail Applicants who were not part of the WAM Priority Offer or the General Offer paid a service fee of 2.75 cents per share to their broker. The issue price of shares allotted for Retail Applicants was \$0.9725 per share.

On 14 July 2014, as part of the initial public offering of the Company, 54,961,600 options were issued to acquire ordinary shares in the Company at an exercise price of \$1.00. The options can be exercised at any time on or before 17 March 2016. The options give the shareholders the right but not the obligation to subscribe for shares in GVF at \$1.00 per share. The options can be exercised in full or in part. The options are currently trading on the ASX under the code GVFO.

On 26 February 2015, the Company successfully raised \$7.6 million through the Placement of 6,881,512 ordinary shares to sophisticated and professional investors at an issue price of \$1.11 per share. Under the Placement, 6,881,512 options were issued at an exercise price of \$1.00 per share. The options can be exercised at any time on or before 17 March 2016. The Placement was within the Company's capacity under ASX Listing rule 7.1 and did not require shareholder approval.

Global Value Fund Limited
Notes to the Financial Statements
For the year ended 30 June 2015 (continued)

| | 2015 \$ | 2014 \$ |
|--|----------------------|----------------------|
| 9 Profits reserve and accumulated losses | | |
| (a) Profits reserve | | |
| Profits reserve | <u>9,098,078</u> | <u>-</u> |
| Movements: | | |
| Opening balance | - | - |
| Transfer of profits during the year | 9,098,078 | - |
| Dividends paid | - | - |
| | <u>9,098,078</u> | <u>-</u> |
| (b) Accumulated losses | | |
| Movements: | | |
| Opening balance | - | - |
| Net profit for the period | 8,538,899 | - |
| Transfer of profits during the year | <u>(9,098,078)</u> | <u>-</u> |
| | <u>(559,179)</u> | <u>-</u> |
| 10 Earnings per share | | |
| Profit after income tax used in the calculation of earnings per share | <u>8,538,899</u> | <u>-</u> |
| | Cents | Cents |
| (a) Basic earnings per share | | |
| Basic earnings per share attributable to the ordinary equity holders of the Company | <u>15.22</u> | <u>-</u> |
| (b) Diluted earnings per share | | |
| Diluted earnings per share attributable to the ordinary equity holders of the Company | <u>14.77</u> | <u>-</u> |
| (c) Weighted average number of shares used as denominator | No. of shares | No. of shares |
| Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share | <u>56,097,413</u> | <u>1</u> |
| Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share | <u>57,831,319</u> | <u>1</u> |
| <u>Reconciliation of weighted average number of shares:</u> | | |
| Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share | <u>56,097,413</u> | <u>1</u> |
| Weighted average number of potential ordinary shares used in the Calculation of diluted earnings per share | 1,733,906 | - |
| Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share | <u>57,831,319</u> | <u>1</u> |

11 Contingencies and commitments

The Company had no material contingent liabilities or commitments at 30 June 2015.

12 Events occurring after the reporting period

Since year-end, the Board declared a final dividend of 2.0 cents per share fully franked to be paid on 6 November 2015.

No other matters or circumstances have 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.