

Monash Absolute Investment Company Limited

ABN 86 610 290 143

Appendix 4D

Half-year report

for the half-year ended 31 December 2018

Half-year report

This half-year ended report is for the reporting period from 1 July 2018 to 31 December 2018. The previous corresponding half-year ended period was from 1 July 2017 to 31 December 2017.

Results for announcement to the market

				\$		\$
Revenue/(loss) from ordinary activities	Down	151.7%	from	8,206,028	to	(4,238,987)
Profit/(loss) before tax for the half-year	Down	173.0%	from	6,912,069	to	(5,047,410)
Profit/(loss) from ordinary activities after tax attributable to members	Down	170.7%	from	4,921,818	to	(3,477,496)

Dividends

Dividend information	Cents per share	Franked amount per share	Tax rate for franking
2018 Final dividend	1.0 cent	1.0 cent	27.5%
Final dividend dates			
Ex-dividend date			14 September 2018
Record date			17 September 2018
Payment date			31 October 2018

There were no dividends declared or proposed for the half-year ended 31 December 2018.

Net tangible assets

	31 December 2018 \$	31 December 2017 \$
Net tangible asset backing (per share) before tax	0.8597	1.0116
Net tangible asset backing (per share) after tax	0.9133	1.0157

Brief explanation of results

The gross portfolio return before all fees and expenses was approximately -9.72% for the half-year ended 31 December 2018 (2017: 17.99%).

Further information

This report is based on the Interim Report which has been subject to independent review by the auditors, Ernst & Young. All the documents comprise the information required by Listing Rule 4.2A. This information should be read in conjunction with the 30 June 2018 Annual Report.

Monash Absolute Investment Company Limited

ABN 86 610 290 143

Interim Report

for the half-year ended 31 December 2018

Monash Absolute Investment Company Limited ABN 86 610 290 143

Interim Report - for the half-year ended 31 December 2018

Contents

	Page
Corporate Directory	1
Directors' Report	2
Auditor's Independence Declaration	4
Interim Financial Statements	
Statement of Comprehensive Income	5
Statement of Financial Position	6
Statement of Changes in Equity	7
Statement of Cash Flows	8
Notes to the Financial Statements	9
Directors' Declaration	16
Independent Auditor's Review Report to the Members	17

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2018 and any public announcements made by Monash Absolute Investment Company Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Monash Absolute Investment Company Limited
Corporate Directory

Directors	Paul Clitheroe AM (Independent Chairman) Suvan de Soysa (Independent Director) Simon Shields (Non-Independent Director)
Secretary	Laura Newell (appointed 13 August 2018) Tharun Kuppanda (resigned 13 August 2018)
Investment Manager	Monash Investors Pty Limited Level 5, 139 Macquarie Street Sydney NSW 2000
Registered office	Boardroom Pty Limited Level 12, 225 George Street Sydney NSW 2000 Phone: (02) 9290 9600
Administrator	Link Fund Solutions Pty Limited Level 12, 680 George Street Sydney NSW 2000 Phone: (02) 8280 7100
Prime broker	Morgan Stanley & Co. International plc Level 26, Chifley Tower 2 Chifley Square Sydney NSW 2000 Phone: 1800 808 576
Share registrar	Boardroom Pty Limited Level 12, 225 George Street Sydney NSW 2000 Telephone: (02) 9290 9600 Fax: (02) 9279 0664 Email: enquiries@boardroomlimited.com.au
	For enquiries relating to shareholdings, dividends and related matters, please contact the share registrar.
Auditors	Ernst & Young 200 George Street Sydney NSW 2000 Telephone: (02) 9248 5555
Stock exchange	Australian Securities Exchange (ASX) The home exchange is Sydney ASX code: MA1 Ordinary Shares
Website	www.monashinvestors.com

Directors' Report

The Directors present their report together with the interim financial report of Monash Absolute Investment Company Limited ("the Company") for the half-year ended 31 December 2018.

Directors

The following persons held office as Directors during the half-year and up to the date of this report:

Paul Clitheroe AM (Independent Chairman)
 Suvan de Soysa (Independent Director)
 Simon Shields (Non-Independent Director)

Principal activities

The investment strategy is to invest in a portfolio of Australian and international listed equity securities, pre-IPO securities, exchange traded and over-the-counter derivatives and cash.

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

Dividends

Dividend information	Cents per share	Franked amount per share	Tax rate for franking
2018 Final dividend	1.0 cent	1.0 cent	27.5%

Final dividend dates

Ex-dividend date	14 September 2018
Record date	17 September 2018
Payment date	31 October 2018

The Company's dividend objective is to pay dividends provided the Company has sufficient profit reserves and franking credits available and it is within prudent business practice to do so.

The amount of any dividend will be at the discretion of the Board. Currently, it is the Board's intention that all dividends paid to shareholders will be franked to 100% or to the maximum extent possible.

On 21 August 2018, the Directors declared a final full franked dividend of 1 cent per ordinary share (2017: nil) franked at 27.5%, which was paid on 31 October 2018. There were no dividends declared or proposed for the half-year ended 31 December 2018.

Review of operations

The operating loss before tax was \$5,047,410 for the half-year ended 31 December 2018 (2017: profit before tax of \$6,912,069). The net result after tax was a loss of \$3,477,496 (2017: profit of \$4,921,818).

The net tangible asset backing before tax as at 31 December 2018 was \$0.8597 per share (2017: \$1.0116).

Significant changes in the state of affairs

On 13 July 2018, the Board announced that it would conduct an off-market equal access buy back and share purchase plan. It was also announced that the on-market buy back would conclude effective 13 July 2018.

On 12 September 2018, the Company has successfully completed the equal access buy back and share purchase plan. The buy back and offer price was \$0.96 per share and the Company bought back 4,922,341 shares for a total consideration of \$4,725,447. All shares purchased by the Company were cancelled. A small number of shareholders participated in the share purchase plan applying for a total of 13,539 shares for a total consideration of \$13,009.

Significant changes in the state of affairs (continued)

On 11 October 2018, the Company announced its intention to issue pro rata bonus options. Upon the exercise of bonus options, the Company will issue an equal number of loyalty options at an exercise price of \$1.15 per share with an expiry date of 15 November 2021. A total of 44,312,634 options have been issued. No options have been exercised during the period.

There were no other significant changes in the state of affairs of the Company during the half-year ended 31 December 2018.

Rounding of amounts

In accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instruments 2016/191*, the amounts in the Directors' Report and in the financial report have been rounded to the nearest dollar, unless otherwise specified.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 4.

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



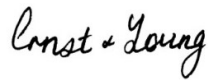
Paul Clitheroe AM
Independent Chairman

Sydney
14 February 2019

Auditor's Independence Declaration to the Directors of Monash Absolute Investment Company Limited

As lead auditor for the review of Monash Absolute Investment Company Limited for the half-year ended 31 December 2018, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.



Ernst & Young



Rita Da Silva
Partner
14 February 2019

Monash Absolute Investment Company Limited
Statement of Comprehensive Income
For the half-year ended 31 December 2018

	Half-year ended	
	31 December 2018	31 December 2017
	\$	\$
Investment (loss)/income from ordinary activities		
Net realised gains on investments	1,393,293	1,695,690
Net unrealised (losses)/gains on investments	(5,903,019)	6,184,499
Dividend income	215,991	277,899
Interest income	53,722	46,538
Net foreign exchange gain	1,026	1,402
	(4,238,987)	8,206,028
Expenses		
Management fees	(346,104)	(376,138)
Performance fees	-	(488,265)
Brokerage expense	(65,626)	(32,715)
Short dividend expense	(55,480)	(78,904)
Interest expense	(9,393)	-
Stock loan fees	(16,765)	(8,377)
Accounting fees	(44,570)	(50,981)
Share registry fees	(18,303)	(22,754)
Company secretarial fees	(27,819)	(23,159)
Tax fees	(5,099)	(9,221)
Directors' fees	(45,000)	(45,000)
ASX fees	(26,952)	(23,185)
Audit fees	(31,081)	(21,303)
Marketing expense	(55,334)	(58,731)
Other expenses	(60,897)	(55,226)
	(808,423)	(1,293,959)
(Loss)/profit before income tax	(5,047,410)	6,912,069
Income tax benefit/(expense)	1,569,914	(1,990,251)
(Loss)/profit for the half-year after tax	(3,477,496)	4,921,818
Other comprehensive income for the half-year, net of tax	-	-
Total comprehensive (loss)/income for the half-year	(3,477,496)	4,921,818
	Cents	Cents
(Losses)/earnings per share for (loss)/profit attributable to the ordinary equity holders of the Company:		
Basic (losses)/earnings per share	(7.51)	9.59
Diluted (losses)/earnings per share	(7.51)	9.59

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

Monash Absolute Investment Company Limited
Statement of Financial Position
As at 31 December 2018

		At	
	31 December	30 June	
	2018	2018	
	\$	\$	
	Notes		
ASSETS			
Current assets			
Cash and cash equivalents		495,727	13,863,948
Trade and other receivables		32,899	34,868
Financial assets at fair value through profit or loss	3	42,165,001	37,191,771
Other current assets		29,004	33,880
Total current assets		<u>42,722,631</u>	<u>51,124,467</u>
Non-current assets			
Deferred tax assets		2,376,010	1,384,496
Total non-current assets		<u>2,376,010</u>	<u>1,384,496</u>
Total assets		<u>45,098,641</u>	<u>52,508,963</u>
LIABILITIES			
Current liabilities			
Trade and other payables		147,149	169,132
Financial liabilities at fair value through profit or loss	3	4,438,250	2,494,607
Total current liabilities		<u>4,585,399</u>	<u>2,663,739</u>
Non-current liabilities			
Deferred tax liabilities		1,209	615,759
Total non-current liabilities		<u>1,209</u>	<u>615,759</u>
Total liabilities		<u>4,586,608</u>	<u>3,279,498</u>
Net assets		<u>40,512,033</u>	<u>49,229,465</u>
EQUITY			
Issued capital	6	43,657,528	48,454,318
Profits reserve		8,621,124	8,094,292
Accumulated losses		<u>(11,766,619)</u>	<u>(7,319,145)</u>
Total equity		<u>40,512,033</u>	<u>49,229,465</u>

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

Monash Absolute Investment Company Limited
Statement of Changes in Equity
For the half-year ended 31 December 2018

	Issued capital \$	Profits reserve \$	Accumulated losses \$	Total \$
Balance at 1 July 2017	50,664,284	1,236,026	(4,253,401)	47,646,909
Profit for the half-year after tax	-	-	4,921,818	4,921,818
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	4,921,818	4,921,818
Transactions with owners in their capacity as owners:				
Shares issued on options exercised	200	-	-	200
Share buy back	(857,952)	-	-	(857,952)
Transfer to profits reserve	-	4,921,818	(4,921,818)	-
	(857,752)	4,921,818	(4,921,818)	(857,752)
Balance at 31 December 2017	49,806,532	6,157,844	(4,253,401)	51,710,975
Balance at 1 July 2018	48,454,318	8,094,292	(7,319,145)	49,229,465
Loss for the half-year after tax	-	-	(3,477,496)	(3,477,496)
Other comprehensive income for the half-year, after tax	-	-	-	-
Total comprehensive loss for the half-year	-	-	(3,477,496)	(3,477,496)
Transactions with owners in their capacity as owners:				
Shares issued under share purchase plan	13,009	-	-	13,009
Share buy back	(4,725,447)	-	-	(4,725,447)
Costs of issued capital, net of tax	(84,352)	-	-	(84,352)
Dividends paid	-	(443,146)	-	(443,146)
Transfer to profits reserve	-	969,978	(969,978)	-
	(4,796,790)	526,832	(969,978)	(5,239,936)
Balance at 31 December 2018	43,657,528	8,621,124	(11,766,619)	40,512,033

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

Monash Absolute Investment Company Limited
Statement of Cash Flows
For the half-year ended 31 December 2018

	Half-year ended	
	31 December	31 December
	2018	2017
	\$	\$
Cash flows from operating activities		
Proceeds from sale of financial assets held at fair value through profit or loss	19,563,610	12,658,983
Purchase of financial assets held at fair value through profit or loss	(29,264,242)	(15,262,866)
Proceeds from short sale of financial liabilities held at fair value through profit or loss	6,371,211	4,185,130
Payments for settlement of financial liabilities held at fair value through profit or loss	(4,230,752)	(4,879,630)
Dividends received	215,991	202,712
Interest received	60,735	48,832
Dividends paid on short stocks	(55,480)	(84,158)
Investment management fees paid	(356,057)	(366,550)
Interest paid	(3,248)	-
Brokerage expenses paid	(66,385)	(32,462)
Payment of other expenses	(319,726)	(315,608)
Net cash outflow from operating activities	(8,084,343)	(3,845,617)
Cash flows from financing activities		
Payments for shares bought back	(4,725,447)	(857,952)
Dividends paid to company's shareholders	(443,146)	-
Shares issued on options exercised	-	200
Share issue transaction costs	(129,320)	-
Shares purchased under share purchase plan	13,009	-
Net cash outflow from financing activities	(5,284,904)	(857,752)
Net decrease in cash and cash equivalents	(13,369,247)	(4,703,369)
Cash and cash equivalents at the beginning of the half-year	13,863,948	13,474,238
Effects of exchange rate changes on cash and cash equivalents	1,026	1,402
Cash and cash equivalents at the end of half-year	495,727	8,772,271

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

1 General information

Monash Absolute Investment Company Limited (the "Company") is a listed public company domiciled in Australia. The address of Monash Absolute Investment Company Limited's registered office is Level 12, 225 George Street, Sydney, NSW 2000. The Company's investment strategy is to invest in a portfolio of Australian and international listed equity securities, pre-IPO securities, exchange traded and over-the counter derivatives and cash.

The interim financial statements were authorised for issue by the Board of Directors on 14 February 2019.

2 Significant accounting policies

These interim financial statements for the half-year reporting period ended 31 December 2018 have been prepared in accordance with Australian Accounting Standards AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standards IAS 34 *Interim Financial Reporting*.

The Company is a for-profit entity for the purpose of preparing the interim financial statements.

These interim financial statements do not include all the notes of the type normally included in an annual financial statements. Accordingly, these interim financial statements are to be read in conjunction with the annual report for the year ended 30 June 2018 and any public announcements made by Monash Absolute Investment Company Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

(a) Basis of preparation

Except as disclosed below, the accounting policies in these interim financial statements are the same as those applied in the Company's financial statements for the year ended 30 June 2018.

The Company changed some of its accounting policies as a result of new and revised accounting standards which became effective for the first time in the current reporting period. The affected policies are:

- AASB 9 *Financial Instruments* (and applicable amendments)

AASB 9 became effective for annual periods beginning on or after 1 January 2018. It addresses the classification, measurement and derecognition of financial assets and liabilities and replaces the multiple classification and measurement models in AASB 139. The derecognition rules have not changed from the previous requirements, and the Company does not apply hedge accounting.

Financial instruments

Classification

- Financial assets

The Company classifies its investments based on its business model for managing those financial assets. The Company's portfolio of financial assets is managed and performance is evaluated on a fair value basis in accordance with the Company's documented investment strategy. The Company's policy is to evaluate the information about these financial assets on a fair value basis together with other related financial information.

For equity securities, the contractual cash flows of these instruments do not represent solely payments of principal and interest. Consequently, these investments are measured at fair value through profit or loss.

The Company holds equity securities of \$42,165,001 (2018: \$37,191,771) which had previously been designated at fair value through profit or loss. On adoption of AASB 9 these securities are mandatorily classified as fair value through profit or loss.

2 Significant accounting policies (continued)

(a) Basis of preparation (continued)

Classification (continued)

- Financial liabilities

The Company makes short sales in which a borrowed security is sold in anticipation of a decline in the market value of that security, or it may use short sales for various arbitrage transactions. Short sales are held for trading and are consequently classified as financial liabilities at fair value through profit or loss.

The Company holds equity securities of \$4,438,250 (2018: \$2,494,607) which had previously been designated at fair value through profit or loss. On adoption of AASB 9 these securities are mandatorily classified as fair value through profit or loss.

Investment income

Interest income from financial assets at amortised cost is recognised on a time-proportionate basis using the effective interest method and includes interest from cash and cash equivalents.

- AASB 15 *Revenue from Contracts with Customers*

AASB 15 replaces AASB 118 *Revenue* which covers contracts for goods and services and AASB 111 *Construction Contracts* which covers construction contracts. AASB 15 is based on the principle that revenue is recognised when control of a good or service transfers to a customer - so the notion of control replaces the existing notion of risks and rewards.

The Company's main sources of income are interest, dividends and gains on financial instruments held at fair value. All of these are outside the scope of the new revenue standard. As a consequence, the adoption of AASB 15 does not have a significant impact on the Company's accounting policies or the amounts recognised in the interim financial statements.

(b) Rounding of amounts

In accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instruments 2016/191*, the amounts in the Directors' Report and in the financial report have been rounded to the nearest dollar, unless otherwise specified.

3 Fair value measurements

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

- Financial assets and financial liabilities at fair value through profit or loss (FVTPL)

The Company has no assets or liabilities measured at fair value on a non-recurring basis in the current half-year reporting period.

(a) Fair value hierarchy

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

- (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).

3 Fair value measurements (continued)

(a) Fair value hierarchy (continued)

(i) Fair value in an active market (level 1)

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs.

The Company values its investments in accordance with the accounting policies set out in Note 2 to the financial statements. For the majority of its investments, the Company relies on information provided by independent pricing services for the valuation of its investments.

The quoted market price used for financial instruments held by the Company is the last sale price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

(ii) Fair value in an inactive or unquoted market (level 2 and level 3)

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the end of the reporting period applicable for an instrument with similar terms and conditions.

For other pricing models, inputs are based on market data at the end of the reporting period. Fair values for unquoted equity investments are estimated, if possible, using applicable price/earnings ratios for similar listed companies adjusted to reflect the specific circumstances of the issuer.

Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions. The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Company holds.

Recognised fair value measurements

The following table presents the Company's financial assets and liabilities measured and recognised at fair value at 31 December 2018 and 30 June 2018 on a recurring basis.

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
At 31 December 2018				
Financial assets				
Equity securities				
Australian equity securities	38,999,985	-	1,844,205	40,844,190
International equity securities	388,936	-	931,875	1,320,811
Total financial assets	39,388,921	-	2,776,080	42,165,001
Financial liabilities				
Listed equity securities sold short	(4,438,250)	-	-	(4,438,250)
Total financial liabilities	(4,438,250)	-	-	(4,438,250)

3 Fair value measurements (continued)

(a) Fair value hierarchy (continued)

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
At 30 June 2018				
Financial assets				
Australian equity securities	33,878,752	188,225	2,038,184	36,105,161
International equity securities	198,689	-	887,921	1,086,610
Total financial assets	34,077,441	188,225	2,926,105	37,191,771
Financial liabilities				
Listed equity securities sold short	(2,494,607)	-	-	(2,494,607)
Total financial liabilities	(2,494,607)	-	-	(2,494,607)

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

The investments included in Level 3 of the hierarchy include amounts in relation to Initial Public Offerings and Placements in which the Company has subscribed. These investments are not listed on any securities exchange as at half-year end and therefore represent investments not in an active market. In valuing these unlisted investments included in Level 3 of the hierarchy, the fair value has been determined using the valuation technique of the subscription price and the amount of securities subscribed for by the Company under the relevant offers without any deduction for estimated future selling costs, adjusted for subsequent arm's length transaction pricing or other market data where available.

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

During the half-year, investments amounting to \$193,979 were transferred from level 3 to level 1 relating to the listing of a prior year unlisted equity security. There were no other transfers between levels.

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 reasonable approximations of their fair values due to their short-term nature.

(iii) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the movement in fair value of level 3 instruments for the period ended 31 December 2018 and year ended 30 June 2018 by class of financial instrument.

	Unlisted equity securities \$
At 31 December 2018	
Opening balance	2,926,105
Transfers out of level 3	(193,979)
Gains recognised in the Statement of Comprehensive Income	43,954
Closing balance	2,776,080
Total gains for the period included in the Statement of Comprehensive Income for financial assets and liabilities held at the end of the period	609,089

3 Fair value measurements (continued)

(a) Fair value hierarchy (continued)

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

	Unlisted equity securities \$
At 30 June 2018	
Opening balance	2,149,320
Purchases	490,912
Transfers out of level 3	(224,000)
Gains recognised in the Statement of Comprehensive Income	509,873
Closing balance	<u>2,926,105</u>
Total gains for the period included in the Statement of Comprehensive Income for financial assets and liabilities held at the end of the period	<u>624,464</u>

Valuation inputs and relationships to fair value

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

Description	Fair value \$	Unobservable inputs*	Range of inputs (probability - weighted average)	Relationship of unobservable inputs to fair value
As at 31 December 2018		Recent sales		
Unlisted equity securities	2,776,080	transaction price	N/A	Direct
As at 30 June 2018		Recent sales		
Unlisted equity securities	2,926,105	transaction price	N/A	Direct

* The valuation of unlisted equity securities is based on the acquisition price of the security and the price may be adjusted if an impairment has occurred or if there has been an arm's length transaction in relation to the security that warrants an updated valuation.

4 Segment information

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

5 Contingencies and commitments

The Company had no contingent assets, liabilities or commitments as at 31 December 2018 (30 June 2018: nil).

Monash Absolute Investment Company Limited
Notes to the Financial Statements
For the half-year ended 31 December 2018
(continued)

6 Issued capital

(a) Share capital

	31 December 2018 Shares	30 June 2018 Shares	31 December 2018 \$	30 June 2018 \$
Ordinary shares	44,314,634	49,223,436	43,657,528	48,454,318

(b) Movements in ordinary share capital

Details	Notes	Number of shares	\$
Opening balance 1 July 2018		49,223,436	48,454,318
Shares issued under share purchase plan	6(f)	13,539	13,009
Share buy back	6(f)	(4,922,341)	(4,725,447)
Costs of issued capital, net of tax		-	(84,352)
Closing balance 31 December 2018		44,314,634	43,657,528
Opening balance 1 July 2017		51,940,682	50,664,284
Shares issued on options exercised		200	200
Share buy back		(2,717,446)	(2,210,166)
Closing balance 30 June 2018		49,223,436	48,454,318

(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) Dividend reinvestment plan

The Company has established a dividend reinvestment plan (DRP) for shareholders. The DRP is currently not in place.

(e) Options

On 11 October 2018, the Company announced its intention to issue pro rata bonus options. Upon the exercise of bonus options, the Company will issue an equal number of loyalty options at an exercise price of \$1.15 per share with an expiry date of 15 November 2021. A total of 44,312,634 options have been issued. No options have been exercised during the period.

(f) Share buy back and Share purchase plan

On 13 July 2018, the Board announced that it would conduct an off-market equal access buy back and share purchase plan. It was also announced that the on-market buy back would conclude effective 13 July 2018.

On 12 September 2018, the Company has successfully completed the equal access buy back and share purchase plan. The buy back and offer price was \$0.96 per share and the Company bought back 4,922,341 shares for a total consideration of \$4,725,447. All shares purchased by the Company were cancelled. A small number of shareholders participated in the share purchase plan applying for a total of 13,539 shares for a total consideration of \$13,009.

7 Dividends

On 21 August 2018, the Directors declared a final full franked dividend of 1 cent per ordinary share (2017: nil) franked at 27.5%, which was paid on 31 October 2018.

8 Events occurring after the reporting period

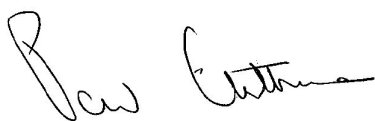
No matter or circumstance has occurred subsequent to period end that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial periods.

Monash Absolute Investment Company Limited
Directors' Declaration
For the half-year ended 31 December 2018

In the Directors' opinion:

- (a) the interim financial statements and notes set out on pages 5 to 15 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Company's financial position as at 31 December 2018 and of its performance for the half-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.

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



Paul Clitheroe AM
Independent Chairman

Sydney
14 February 2019

Independent Auditor's Review Report to the Members of Monash Absolute Investment Company Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Monash Absolute Investment Company Limited (the Company), which comprises the statement of financial position as at 31 December 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Company is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Company's financial position as at 31 December 2018 and of its financial performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Company's financial position as at 31 December 2018 and its financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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



Independence

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

A handwritten signature in black ink, appearing to read 'Ernst & Young', is written above the printed name.

Ernst & Young

A handwritten signature in black ink, appearing to read 'Rita Da Silva', is written above the printed name.

Rita Da Silva
Partner
Sydney
14 February 2019