Australasian Wealth Investments Limited (formerly Merricks Capital Special Opportunity Fund Limited)

ABN 62 111 772 359

Annual Report
For the year ended 30 June 2013

Directory

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John Reynolds
Andrew Barnes
Alastair Davidson

Company Secretary
Richard Matthews

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CHAIRMAN'S REPORT

Dear Shareholder

The financial results presented in this 2013 Annual Report are primarily attributable to the first nine months of the 2013 fiscal year. In this period, the previous investment manager, Merricks Capital Pty. Limited, managed the Company as a "special opportunity" fund.

The investment in Straits Resources Limited was a massive drain on the Company's capital and cost over $10million in mark to market losses in the year to 30 June 2013. Just under half of this was recouped by the rebound in the share price of Lantern Hotel Group over the year, prior to our divestment of most of the stake in the pub owner. These two items account for the vast bulk of the $6.6million negative change in fair value of financial assets within the Statement of Comprehensive Income.

Merricks Capital's thirty-two month tenure as the Company's investment manager concluded at the end of March 2013. Numerous externally managed listed investment companies are now having their raison d'etre challenged by shareholders. The costs of management fees and administrative functions loaded onto small capital bases are often inhibiting performance, and until the arrival of activist investors, have resulted in share prices trading at a large discount to net asset value. The company unsuccessfully attempted to remedy this in the past with a differentiated mandate, which was very poorly executed.

However, in the five subsequent months since March 2013, Aurora Funds Management Limited and Andrew Barnes have provided the platform to rebuild the diminution of our capital base that took place under the previous manager, albeit resulting in a necessary expansion of the number of shares on issue. Moreover, the existing investments that have been made, proposed to be made and will continue to be made, are highly differentiated in that:

- They are only in businesses involved in the broad wealth management industry;
- They require specific management expertise, evaluation and input by your Company; and
- They are significant influencing stakes or 100% ownership.

The wealth management industry will always evolve, often at speed, as a result of various factors. The three most dominant, however, are technology, regulation and economic relevance. Variations in the relative influence of each mean that the industry changes in divergent fashion in different countries; in itself, this provides the opportunity to import new thoughts and ideas across borders. Australia's wealth management is heavily influenced by the growth of "aggregators" in the administrative space – whether in the commercial or not for profit provision of services.

This runs counter to the trends in selected other markets, notably the UK, where there has been a historic – and continuing – thirst for the customer to have a greater influence on their investment decision making. Consequently, the "direct to consumer" (DtC) model in the UK is far more developed than in Australia. There is an emerging desire for investors to take control of their future destiny that suggests that this DtC model has significant growth potential, particularly in an arena where the average age of financial planners continues to increase and many are discouragingly submerged under the plethora of regulatory manuals. Changes in Government rarely bring less change in financial regulation. The Board of Directors believe that there are significant opportunities within the existing regulatory framework, let alone any future changes likely with a change of Federal Government.

In this context, since April 2013, the Company has executed transactions and/or facilitated proposed arrangements that will result in:

- The Company holding a 'look-through' ownership of 49.6% of vanEyk Research Pty. Limited, a premier supplier of investment research to the Australian and New Zealand markets, and offering investment management and asset consulting services, model portfolios and professional development for financial advisers;

- Acquisition of 100% of InvestSMART, an online financial services portal in Australia, providing self-directed investors with low cost access to financial information and products;

- A proposal for the internalisation of the investment management agreement which will result in a lowering of direct costs, and the effective transition of the Company away from a listed investment company to one with operating and strategic assets in wealth management; and

- The raising of $10million of new equity via a placement of new shares, subject to non-conflicted shareholder approval at an EGM being held on 19 September 2013.

Further initiatives will be investigated to seek to allow the Company to have reasonable surplus cash to pursue other relevant and complimentary investments or acquisitions.

If the Company can successfully execute its strategies within the wealth management arena, it will provide investors with exposure to the performance of financial markets. In turn, this will have some degree of leverage given the propensity of revenue to be influenced by financial asset prices and costs to remain relatively fixed.

However, the emergence of operating profit or dividends from businesses should enable the Company to avoid the significant mark-to-market fluctuations that have impacted reported profit in recent years, but also prevented the Company from passing on its pool of franking credits to shareholders. We also hope that if approved, the internalisation of the investment management contract will assist in ensuring the future pricing of the Company's shares is a more direct reflection of the underlying value if its assets.

I thank you for your extraordinary patience over the past eighteen months or so and hope you will support the Board on its quest to build Australasian Wealth Investments into a relevant and profitable participant in the wealth management industry.

Sincerely

Andrew J. Brown

Andrew Brown
Chairman
Dated this 28th day of August 2013 at Sydney

Corporate Governance Statement

In March 2003, the ASX Corporate Governance Council ("**ASXCGC**") issued the Principles of Good Corporate Governance and Best Practice Recommendations ("**ASX Recommendations**") as a guide to the top 500 ASX listed companies. The guidelines were reviewed as at 31 March 2004 by the Implementation Review Group and some relaxations agreed particularly in respect to non top 300 ASX listed companies. The ASX recommendations were extensively revised in August 2007 as a "Second Edition".

Corporate Governance is the framework by which Australasian Wealth Investments Limited (""**the Company**") is effectively managed, in respect of its ethics and honest approach to doing business, the accountability of the board of Directors to shareholders of the Company for financial performance and growth, and the management of the inevitable risks which are encountered in running a company reliant upon the performance of financial assets and investments.

The Company is a small company with a strong commitment to containing costs. This commitment, when related to the size and outsourced nature of operations of the Company, makes it difficult to fully attain all of the recommended principles; indeed, many of the principles have limited relevance to the operation of the Company, and as a consequence, the corporate governance framework has been adapted to the operation of a smaller entity. In any event, shareholders are significantly advantaged by the fact that the board of Directors of the Company hold a significant relevant interest in the equity of the Company.

Further, all of the Board and staff are experienced company officers and are well aware of their responsibilities to the Company, to the security holders and to all other stakeholders, and some fulfil similar roles in other corporations. As a consequence, the Company looks to attract Directors who exhibit the requisite innate characteristics of honesty and integrity, rather than simply adopt a series of boilerplate documents, and attempt to justify divergence from them.

The Company's Board largely supports and is largely, though not totally, in compliance with the ASX Recommendations published by the ASXCGC. The Company's constitution and various charters and statements in relation of corporate governance discussed in this section are available from the Company upon request in writing.

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

A. THE ROLE OF THE BOARD AND MANAGEMENT

The Board does not have a formal Board Charter given the extensive use of outsourced partners to operate the Company resulting in a clear division between the role of the Board and that of the Investment Manager; it is proposed to internalise the investment management function at the 2013 Annual General Meeting. The Board believes its primary functions are:

- Acting as an interface between the Company and its shareholders;
- Setting the goals of the Company including short, medium and longer term objectives;
- Providing the overall strategic direction of the Company;
- Assessing the optimal use of the Company's capital;
- Approving all mergers and acquisitions and the establishment of controlled entities;
- Approving investments where a potential conflict of interest may arise or where the investment may breach internally set benchmarks in respect of size of exposure; and

The Board specifically delegates the day to day management of the Company's affairs to two external parties:

- Management of the investment portfolio, via Aurora Funds Management Limited ("**Aurora**") pursuant to a management agreement;
- back office functions, such as trade settlement and accounting via Aurora Funds Management Limited; and
- share registry services via Boardroom Pty Limited.

B. LETTERS OF APPOINTMENT

Letters of appointment are prepared for non-executive directors covering duties, time commitments, induction and company policies and corporate governance. Given the small number of these individuals, their remuneration structure and main elements of terms of employment are reproduced in the Remuneration Report section of this Annual Report.

C. INDUCTION OF SENIOR EXECUTIVES

The Company has no executives with all functions currently being outsourced. An induction program will be introduced after the proposed acquisition of InvestSMART is consummated.

D. PERFORMANCE EVALUATION OF SENIOR EXECUTIVES

There is no specific performance appraisal of senior executives.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

A. SIZE AND COMPOSITION OF THE BOARD

The composition of the Board is determined in accordance with the following principles and guidelines:

- The Board shall comprise not less than three Directors nor more than such number as the Directors may determine at any time.
- The Chairman should preferably be an Independent or Non-Executive Director.
- The Board shall comprise Directors with a diverse and appropriate range of qualifications and expertise and in the event of retirement of a Director with particular expertise, the Board will appoint a Director with skills and experience to balance the needs of the Board in the operations of the Company.
- The Board shall meet at least quarterly and follow meeting guidelines established to ensure that all Directors are made aware of, and have available all necessary information in a timely manner, to participate in an informed discussion of all agenda items.

At the date of this report, the Board of the Company comprises a Non Executive Chairman, a Non Executive Director and two Executive Directors. The Directors' Report provides the details of the Directors in office during the year together with their experience, expertise and qualifications.

The Directors in office at the date of this Statement are:

Independent Non-Executive Chairman:	Andrew Brown
Independent Non-Executive Director:	John Reynolds
Executive Director:	Andrew Barnes
Executive Director:	Alastair Davidson

B. DIRECTORS' INDEPENDENCE

Independent Directors are independent of management, do not have a substantial shareholding (i.e. less than 5%) and are free from any business or other relationship which could materially interfere with the exercise of their judgement. The Company presently has two Independent Directors. In light of the size and activities of the Company, the Directors do not see any advantage in appointing additional directors.

Conflict of Interest

The Board has in place a process to ensure that conflicts of interest are managed appropriately. If a potential conflict of interest arises, the director concerned does not receive the relevant Board papers and/or leaves the Board meeting while the matter is considered. Directors must advise the Board immediately of any interests that could potentially conflict with those of the Company.

C. ELECTION OF DIRECTORS

The Directors of the Company are elected or re-elected (on a rotational basis) at the Company's Annual General Meeting. Details of the members of the Board, their experience, expertise and qualifications are set out in the Director's Report. It is the Board's policy to determine the terms and conditions relating to the appointment and retirement of Non Executive Directors on a case by case basis and in conformity with the requirements of the Listing Rules and the Corporations Act.

D. BOARD COMMITTEES

Establishment of Board committees is commensurate with the size of the Company and is as follows:

Audit Committee

At the date of this statement, the members of the Audit Committee are John Reynolds and Andrew Brown (Chairman of the Audit Committee).

Having regard to the small size of the Company, the duties of a Remuneration Committee and Nomination Committee are handled by the full Board.

E. DIRECTOR'S ACCESS TO INFORMATION AND ADVICE

Directors receive a monthly report from the Investment Manager – whether or not a Board meeting is scheduled – and have unrestricted access to company records and information.

Directors may obtain independent professional advice at the Company's expense on matters arising in the course of their Board and Committee duties, after obtaining the Chairman's approval. The Board requires that all directors be provided with a copy of such advice and be notified if the chairman's approval is withheld.

It is the Board's policy that any committees established by the Board should:

- Be entitled to obtain independent professional or other advice at the cost of the Company, unless the Board determines otherwise.
- Be entitled to obtain such resources and information from the Company including direct access to employees of and advisers to the Company as they might require.
- Operate in accordance with terms of reference established by the Board.

The Board appoints and removes the Company Secretary. All directors have direct access to the Company Secretary and, through the Chairman, to the Board on all governance matters.

F. BOARD EVALUATION

Since the Company is small in nature, the Board does not undertake a formal annual evaluation process.

PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING

A. BUSINESS CONDUCT AND ETHICS

The Directors have adopted a Code of Conduct ("**Code**") of which the following is a summary:

- Directors must act honestly, in good faith and in the best interests of the Company as a whole at all times.
- Directors have a duty to use due care and diligence in fulfilling the functions of the office and exercising the powers attached to that office.
- Directors must always use the powers of the office for a proper purpose.
- Directors must recognise that their primary responsibility is to the Company's security holders as a whole but should, where appropriate, have regard for the interests of all stakeholders of the Company.
- Directors must not make improper use of information acquired as a Director.
- Directors must not allow personal interests, or the interests of any Associated Person, to conflict with the interests of the Company.
- Directors have an obligation to be independent in judgement and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken by the Board.
- Confidential information received by a Director in the course of the exercise of Directors duties remains the property of the company from which it was obtained and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by that company, or required by law.
- Directors should not engage in conduct likely to bring discredit upon the Company.
- Directors have an obligation, at all times, to comply with the spirit, as well as the letter of the law and with the principles of this Code.

- Directors have an obligation to ensure that the continuous and periodic disclosure requirements as set out in the ASX Listing Rules are adhered to at all times.

The policy also includes detailed guidelines for interpretation of the principles of the Code.

B. TRADING IN COMPANY SECURITIES

Directors and executives are not permitted to buy or sell the Company's shares other than in the five days after release of the monthly net tangible assets statement to the ASX, unless there is additional price sensitive information known to Directors. Trading at other times is only permitted with the express permission of the Chairman.

C. DIVERSITY

Since all the functions of the Company are outsourced, the Company has no employees, and hence any percentage composition of female employees is meaningless. The Company has no female Directors at present, and there are no specific plans to recruit female Directors solely based on a quota system.

The Company's outsource partners have significant numbers of female employees and the Company has no barriers to dealing with counterparties exhibiting significant diversity in the areas of gender, age, sexual orientation, race, nationality, social impediment and disability.

PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

A. AUDIT COMMITTEE FUNCTION

Detailed terms of reference for the Audit Committee in the form of an Audit Committee Charter have been adopted. At present, the Audit Committee does not meet the requirements of the ASX Recommendations, since whilst it contains only non-executive directors and is chaired by an Independent Director, it only has two rather than three members. The board believes that due to the small scale of the Company and clear transparency and simplicity of accounts that the Audit Committee can function adequately in its current composition.

The Audit Committee responsibilities are:

- to review the adequacy of systems and standards of internal control with emphasis on risk management, financial reporting procedures and compliance;
- to review proposed announcements of financial results, financial statements, management questionnaires and external audit reports in advance of the Board;
- to receive any information it requires from the Investment Manager;
- to report its findings and recommendations directly to the Board; and
- to provide a direct link from the Board to the external auditor; the nomination of the external auditor and reviewing the adequacy of the scope and quality of the annual statutory audit and half year review.

The Audit Committee meets separately with the auditors as required from time to time to discuss the audit and reports, to ensure that there are no outstanding issues and to assess the auditor's continuing independence.

At the date of this statement, the members of the Audit Committee are John Reynolds and Andrew Brown (Chairman of the Audit Committee).

Full compliance with the ASX Recommendations (requires three members including an independent Chairman) will not be achieved unless the Board resolves to appoint an independent Director/Chairman. The Directors do not believe there is any advantage in appointing additional directors at this time. Current members of the Audit Committee have adequate qualifications and are financially literate.

The Audit Committee seeks to ensure the independence of the external auditor. The policy on auditor independence applies to services supplied by the external auditor and their related firms to the Company. Under the policy on auditor independence, the external auditor is not to provide non-audit services under which the auditor assumes the role of management, becomes an advocate for the group, or audits its own professional expertise. The Fund has a very limited number and scope of permissible non-audit assignments. In addition, the external audit engagement partner and review partner must be rotated every five years.

The external auditor annually confirms its independence within the meaning of applicable legislation and professional standards.

B. FINANCIAL REPORT ACCOUNTABILITY

The Company has no full time staff, no CEO and no CFO. The Board of Director's have given a declaration in writing that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards.

Accounting functions and back office functions are also outsourced to Aurora Funds Management Limited.

The Board considers that the independence of the external providers of accounting and back office services ensures that no collusion can occur within the ranks of senior management (if it existed) or the Board of the Company with the outcome that the financial accounts received by the Board are not likely to be significantly flawed.

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

The Board has always been very conscious of its disclosure obligations and has adopted a detailed continuous and periodic disclosure policy.

All Directors and the Company Secretary are responsible to ensure that disclosure policy is adhered to. The Investment Manager deals with media contact and any external communications.

Current and archived news items announced by the Company are available free of charge at www.asx.com.au.

The Company provides a review of operations and financial performance in the 2013 Annual Report which includes the company's financial report. Results announcements to the ASX, analyst presentations and the full text of the Chairman's address at the Company's Annual General Meeting are lodged with ASX and available at www.asx.com.au.

PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS

The Board is committed to ensuring that the security holders are at all times provided with information sufficient to allow effective monitoring of the Company's performance by means of:

- the Annual Report which is distributed to security holders (at their election);
- the Half Yearly Report;
- periodic reports and special reports when matters of material interest arise;
- the Annual General Meeting and other meetings called to obtain approval of any Board action as required; and
- Continuous disclosure.

The Directors' Code of Conduct supports this principle.

The Company's auditor is required to attend the Annual General Meeting and be available to answer any questions the Security holders may care to ask in respect to the audit of the financial statements of the Company.

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

A. OVERSIGHT OF RISK

The Board of Directors is the ultimate sponsor of risk oversight within the Company, but does so in a manner which reflects the transparent nature of the Company's systems. The Company pays significant attention to risk as a consequence of its activities which involve dealing in financial assets. As a consequence of the core equity investing activities of the Company, the Company deliberately assumes a level of risk of capital loss, the quantum of which is regularly discussed and debated by the Board.

Through the reporting of the Investment Manager, the Board is able to monitor various measurements of absolute and relative risk.

The Audit Committee Terms of Reference include a requirement for the Committee to review and monitor the risk management practices and activities of the Company.

B. IMPLEMENTATION OF RISK MANAGEMENT SYSTEMS

The Company has access to a series of internal and external controls through the Investment Manager which govern the Company's material business risks. These controls include, but are not restricted to:

- external providers of accounting services to the Company; and
- regular reporting by the Investment Manager to the Board of Directors.

The Company has not appointed a specific internal auditor. The Company does not have a Risk Management Committee due to its small size and scale of activities, but the Audit Committee has a mandate to review and monitor the risk management practices and activities of the Company.

C. ACCOUNTABILITY

In respect of the year ended 30 June 2013, the Audit Committee have made the following certification to the board:

- The Company's Financial Statements and notes applicable thereto represent a true and fair view of its financial position and performance and comply with the requirements of the Accounting Standards, Corporations Act and Corporations Requirements

The Investment Manager has also confirmed to the board that the following are in place during the financial year:

- The risk management and internal compliance and control systems are sound, appropriate, operating efficiently and effectively managing the Company's material business risks.

Investment Manager Governance
As the investment manager of the Company's investment portfolio, the Investment Manager has a fiduciary obligation to act in the best interests of the Company. The Directors of the Investment Manager are conscious of their fiduciary obligations to the Company and continually assess their decisions in light of these obligations.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

The duties and responsibilities of a Remuneration Committee are handled by the full Board, to ensure that the remuneration practices of the Company are fair and reasonable and structured to encourage enhanced performance. Full details of the remuneration quantum and structure for key personnel is contained in the Remuneration Report within this Annual Report.

Directors Remuneration
If an Executive Director is appointed, suitable remuneration will be approved by the Board. Such an appointment is not currently envisaged.

The maximum aggregate amount of Non-Executive Director's fees must be approved by the company in a General Meeting. Non-Executive Directors are not granted options over unissued shares in the Company, and receive no bonus payments nor retirement entitlements other than superannuation.

The Board does not currently offer equity based remuneration for Executive or Non-Executive Directors. It is intended that an issue of options to the de-facto Managing Director will be made in November 2013 subject to shareholder approval.

Directors' Report

The Directors present their report on the Company for the financial year ended 30 June 2013.

Directors

The names and details of the Directors of the Company who held office during the year and at the date of this report are:

Andrew Brown *(Appointed 22 December 2005)*
Independent Non-Executive Chairman
Bachelor of Arts (Economics) Honours
Age 54

Andrew Brown has 33 years experience in the Australian equity market as a stockbroker, corporate investor and funds manager. Andrew has an honours degree majoring in economics and econometrics from the University of Manchester, England, and completed the National Association of Securities Dealers (USA) Series 7 Examination (1983).

During the past three years, Andrew has served as a Director of the following other public companies:

- Adelaide Resources Limited (appointed 30/04/2009; resigned 25/06/2013)
- Cheviot Bridge Limited (Executive Chairman – ongoing)
- Cheviot Kirribilly Vineyard Property Group (in Liquidation) (appointed 10/06/2008; resigned 29/04/2013)
- Continuation Investments Limited (appointed 31/10/2011; resigned 08/03/2012)
- Tidewater Investments Limited (Managing Director – ongoing)

Andrew became a Director of the Company in December 2005, is a Non-Executive Director and member of the Audit Committee.

John Reynolds *(Appointed 30 June 2008)*
Independent Non-Executive Director
FFin
Age 45

John Reynolds is a senior client advisor with Bell Potter Securities. Bell Potter is one of the largest retail brokers in Australia with close to 300 securities advisors. John has over 19 years' experience in the securities industry. He has worked for the last 8 years at Bell Potter having previous experience at the securities firms JB Were, Credit Suisse and Challenger. He is an accredited securities dealer in Australian and International equities, derivatives and numerous equity and non-equity related products.

John has completed a Diploma in Applied Finance and Investment through FINSIA, specialising in portfolio construction and portfolio management. The majority of his advisory work is focused on the Top 50 stocks listed on the ASX. John is also a regular contributor to CNBC and Boardroom Radio.

John became a director of the company on 30 June 2008.

Andrew Barnes *(Appointed 4 April 2013)*
Executive Director
MA Cambridge
Age 53

Andrew Barnes has been CEO and founder of a number of financial services buisnesses in the UK, including the Skipton Group, a leading estate planning network, and Bestinvest Ltd, a direct to consumer financial advisory business. Prior to this, he was managing director of Australian Wealth Management, a leading financial planning, trustee and wealth management business in Australia, before it was acquired by IOOF ltd

Directors' Report (continued)

Alastair Davidson *(Appointed 4 April 2013)*
Executive Director
BSc Econ, CA
Age 55

Alastair is a founding director of Aurora Funds Management Limited, and has been on the board since July 2003. Prior to that, he was GM Investment Banking at Challenger International and has worked in broking and investment banking at Citigroup and County Natwest in Australia, and for Barings Securities and Morgan Stanley in London and New York. He is also a director of Aurora Funds Limited, chairman of Biotech Capital Ltd, and treasurer of the Centenary Institute of Medical Research.

Adrian Redlich *(Appointed 2 August 2010, resigned 28 March 2013)*
Executive Director
B Econ
Age 39

Adrian is the co-Founder and Chief Investment Officer of Merricks Capital Pty Ltd. From 2005 to 2007 Adrian worked at Citadel Investment Group in Chicago as the Head of Quantitative Alpha Generation, Global Equities. This team was primarily responsible for the evolution and refinement of the investment process of Citadel's Global Equities & Derivative Portfolio, which ran the world's largest fundamental long/short market neutral portfolio. During this time Adrian was also directly responsible for an Asian focussed derivative portfolio.

Between 2000 and 2005, Adrian was a Director at Merrill Lynch (New York & Hong Kong), where he was Head of the Global Valuation and Analytics Group. Prior to this, Adrian was a Vice President at Merrill Lynch (Melbourne, Australia) where he worked as a commodities and mining analyst from 1993 to 2000. Adrian holds a Bachelor of Economics from Monash University, Melbourne, Australia (1994). He also completed the Quantum Financial Services (Australia) Diploma of Financial Services (2007) and the National Association of Securities Dealers (USA) Series 7 Examination (2000).

Henry Adam Lindell *(Appointed 2 August 2010, resigned 28 March 2013)*
Executive Director
BA (Hons); LLB (Hons)
Age 40

Adam is the co-Founder and Chief Operating Officer of Merricks Capital Pty Ltd. Prior to joining Merricks in 2007, Adam was a Partner of a national Australian Law Firm, where he specialised in mergers & acquisitions, funds management, capital raisings, initial public offerings, private equity and leveraged buy-outs.

Adam holds a Bachelor of Arts (Honours) and a Bachelor of Law (Honours) from Monash University.

All of the Directors have been in office from the commencement of the 2013 financial year until the date of this report unless otherwise stated.

Company Secretary

Richard Matthews was appointed Company Secretary on 4 April 2013 and held office until the end of the financial year. Henry Adam Lindell resigned as Company Secretary on 28 March 2013.

Interests in the Securities of the Company

The relevant interests of each Director in the securities of the Company shown in the Register of Directors' Shareholdings as at the date of this report are:

Director	Ordinary Shares
Andrew Brown (Chairman)	570,770
Andrew Barnes	5,672,744
John Reynolds	40,000
Alastair Davidson	Nil

Directors are not required under the Company's constitution to hold any Shares, Options or any other Securities in the Company.

Interests in Contracts or Proposed Contracts with the Company

Andrew Barnes, the sub-manager of the Company, has a contract to acquire all the shares of van Eyk Holdings Pty Ltd, by either himself or for his nominee. The Company has agreed to be the nominee for this acquisition. At 30 June 2013, the Company had acquired 50% of the shares in van Eyk Holdings Pty Ltd for $6,657,810. The contract has no agreed settlement date, though the directors' intention is to progressively settle the balance of the shares to be acquired as the Company disposes of its remaining interests in Lantern Hotel Group and Straits Resources shares. Andrew Barnes or his nominee has no voting rights or right to dispose of the shares prior to the final instalment and completion of the contract occurs.

Principal Activities

The principal activities of the Company during the year included investments in listed and unlisted securities, loans and other investments permitted by the Company's updated Investment Mandate lodged with the Australian Securities Exchange ("ASX") on 1 October 2010. From 28 March 2013, the focus of the investments was changed to the financial services sector.

There were no changes in the nature of the Company's principal activity during the financial year.

Dividends

No dividend has been declared for the financial year ended 30 June 2013 (2012: nil). For further details in respect of the dividends paid or recommended, refer to Note 16 of the financial statements.

Review of operations

Financial results for the year

The loss of the Company after providing for income tax is ($7,005,516) (2012: $11,099,309 loss).

	2013 $	2012 $
Operating (Loss) before income tax benefit	(6,763,606)	(10,786,106)
Income tax expense	(241,910)	(313,203)
Operating (Loss) for the year	(7,005,516)	(11,099,309)

No dividend has been declared for the financial year ended 30 June 2013 (2012: nil).

The net tangible asset backing of the Company as at 30 June 2013 was $0.4832 (2012: $0.7274) per share before tax and $0.4832 (2012: 0.7274 after tax).

Strategy and Future Outlook

The Company is predominantly invested in unlisted equities, with a focus on the financial services sector and this is expected to continue. As markets are subject to fluctuations, it is imprudent to provide a detailed outlook statement or statement of expected results of operations. The Company provides regular updates in the weekly and monthly NTA announcements, which can be found in the ASX announcement section of the AWK website.

Portfolio and Sector Allocation as at 30 June 2013

We provide a breakdown of the investment portfolio by value and sector as a means of highlighting the main areas of the economy we have exposure to:

	2013		2012	
Security	**Market Value $**	**Percentage %**	**Market Value $**	**Percentage %**
Loans				
Digital Harbour Mezzanine Loan	-	-	7,375,965	35.77
Real Estate				
Lantern Hotel Group	464,285	4.34	4,859,352	23.56
Materials				
Aziana Limited	-	-	96,000	0.47
Straits Resources Limited	709,847	6.63	8,061,682	39.09
Energy				
Molopo Energy Limited	-	-	299,864	1.45
Pharmaceuticals, Biotechnology, and Life Science				
Alchema Limited	-	-	118,800	0.58
Financials				
Van Eyk Group Holdings (unlisted)	6,657,810	62.17	-	-
Company Issued Options	1,500	0.01	2,100	0.01
Cash	2,875,399	26.85	(190,407)	(0.92)
Total Portfolio Value	**10,708,841**	**100.00**	**20,623,356**	**100.00**

Significant Changes in State of Affairs

Manager change:

On 28 March 2013, Aurora Funds Management Limited acquired the management contract for the Company from Merrick's Capital Pty Ltd. Aurora appointed Andrew Barnes as sub-manager. During the last quarter of the financial year, the Company disposed of a significant portion of its investment in Lantern Hotel Group stapled securities. The Company acquired 50% of the shares in van Eyk Group Holdings Pty Ltd, which in turn has a 49.4% interest in van Eyk Research Ltd.

Name change:

During the year, the Company changed its name to Australasian Wealth Investments (formerly Merricks Capital Special Opportunity Fund Limited). Please note all references to the Company will be to the new name.

Other than what has been disclosed above, there have been no other significant changes in the state of affairs of the Company for the year ended 30 June 2013.

Earnings Per Share

Basic and diluted earnings were (24.57) cents per share (2012: (38.90) cents per share).

Environmental Regulation

The Company's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation.

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.

Future Developments

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.

Further information on likely developments in the operations of the Company and the expected results of operations have not been included in this report because the Directors believe it would be likely to result in unreasonable prejudice to the Company.

Events Subsequent to Balance Date

Since 30 June 2013, the following subsequent events had arisen:

1. Acquisition of further shares in van Eyk Group Holdings Pty Ltd
   During July 2013, the Company acquired a further 35% of van Eyk Group Holdings Pty Ltd for a cost of $4,660,467.

2. Agreement to acquire InvestSMART
   On 13 August 2013, the Company entered into a binding agreement to buy InvestSMART from Fairfax Media Limited for a cash consideration of $7 million. This is dependent on a capital raising process by the Company. In the event the transaction does not complete, the Company will pay Fairfax Media Limited a break fee of $150,000.

3. Capital raising
   The Company has raised approximately $10 million via a conditional placement of 28.6 million shares at $0.35 per share. The conditional placement is subject to shareholder approval at an Extraordinary General Meeting to be held on 19 September 2013. Once approved, the Company will offer an entitlement offer to eligible shareholders on record date of one new share for every three existing shares at $0.35 per share to raise approximately $6.7 million. The proceeds will be used to fund the acquisition of InvestSMART, complete the partial acquisition of van Eyk Research Pty Ltd and provide additional working capital.

4. Termination of Investment Management Contract
   The Company has agreed to acquire the investment Management Contract from Aurora Funds Management Limited and Andrew Barnes for a cash payment of $900,000. This payment is subject to a majority of shareholder approval at the forthcoming 2013 Annual General Meeting.

Meetings of Directors

The number of Directors' Meetings (including Meetings of committees of Directors) and number of Meetings attended by each of the Directors of the Company during the 2013 financial year were:

	Directors' Meetings		**Audit Committee Meetings**	
	Meetings eligible to attend	**Meetings attended**	**Meetings eligible to attend**	**Meetings attended**
Andrew Brown (Chairman)	8	8	8	8
Henry Adam Lindell (resigned)	6	6	6	6
Adrian Redlich (resigned)	6	6	6	6
John Reynolds	8	8	8	8
Andrew Barnes	2	2	2	2
Alastair Davidson	2	2	2	2

The number of Directors' Meetings and Audit Committee Meetings has been adjusted for each member to reflect the number of Meetings held during their tenure.

Remuneration Report (Audited)

The Company has no employees other than its Directors. The Company's policy is to offer a sufficient level of remuneration to attract employees (Directors) who are financially literate and knowledgeable of investment management best practice. All Directors must have a deep understanding and commitment to good corporate governance.

As the Company has a performance fee scheme in place with the Manager, the Company has effectively linked performance with compensation in relation to the management of the Company's assets. With regard to Directors, no performance-based compensation exists nor is planned. This is because the primary role of the Directors is to ensure adherence to good governance and oversight of the Manager. In this capacity, performance based compensation schemes are not deemed to be appropriate by the Board.

Under the Company's constitution, each Director (other than a Managing Director or an Executive Director) may be paid out remuneration for ordinary services performed as a Director. Salary is the only form of compensation. No option or bonus plans are in place.

Under ASX Listing Rules, the maximum fees payable to directors may not be increased without prior approval from the Company at a general meeting. Directors will seek approval from time to time as deemed appropriate.

The Directors will be entitled to receive the following benefits:

(a) the maximum total remuneration of the Directors of the Company has been set at $135,000 per annum to be divided amongst them in such proportions as they agree. The Board is not required to allocate the entire amount.

(b) Alastair Davidson is a Director and Shareholder of the Manager. Andrew Barnes has been granted a sub-management agreement by the Manager. The Manager will receive a management fee and performance fee (where relevant) for managing the Portfolio.

(c) The Manager will receive an administration fee for preparing monthly and final year accounts, and will receive fees for performing company secretarial duties for the Company

The Directors' remuneration for the year ended 30 June 2013 is detailed in the following table:

Name of Director	Base fee $	Superannuation $	Total $
Andrew Brown (Chairman)	41,800	-	41,800
John Reynolds	30,000	2,700	32,700
Andrew Barnes	-	-	-
Alastair Davidson	5,000	-	5,000
Adrian Redlich (resigned 28 March 2013)	-	-	-
Henry Adam Lindell (resigned 28 March 2013)	-	-	-
TOTAL	**76,800**	**2,700**	**79,500**

The Directors' remuneration for the year ended 30 June 2012 is detailed in the following table:

Name of Director	Base fee $	Superannuation $	Total $
Andrew Brown (Chairman)	41,000	Nil	41,000
John Reynolds	30,000	2,700	32,700
Henry Adam Lindell (appointed 2 August 2010)	Nil	Nil	Nil
Adrian Redlich (appointed 2 August 2010)	Nil	Nil	Nil
TOTAL	**71,000**	**2,700**	**73,700**

No Director of the Company has received or become entitled to receive a benefit, other than a remuneration benefit as disclosed in note 11(b) to the financial statements, by reason of a contract made by the Company or a related entity with the Director or with a firm of which they are a member, or with a Company in which they have a substantial interest.

This concludes the Remuneration Report which has been audited.

Insurance of Directors

During the financial year, the Company has given indemnity and paid insurance premiums to insure 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 Directors of the Company, other than conduct involving a wilful breach of duty in relation to the Company. During the year, premiums were paid in respect of the key management personnel liability and legal expenses insurance contract. Details of the nature of the liabilities covered and the amount of premiums paid have not been disclosed as disclosure is prohibited under the terms of the contract

Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

Proceedings on behalf of the Company

There are no legal or other proceedings being made on behalf of the Company or against the Company as at the date of this report.

Non-Audit Services

No non-audit services have been provided by the Auditor or by another person on the Auditor's behalf during the year. This statement has been made in accordance with advice provided by the Company's audit committee and has been endorsed by a resolution of that committee.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2013 has been received and can be found on page 18.

Signed in accordance with a resolution of the Board of Directors.

Andrew J. Brown

Andrew Brown
Chairman
Dated this 28th day of August 2013 at Sydney

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Building a better working world

Auditor's Independence Declaration to the Directors of Australasian Wealth Investments Limited (formerly Merricks Capital Special Opportunity Fund Limited)

In relation to our audit of the financial report of Australasian Wealth Investments Limited (formerly Merricks Capital Special Opportunity Fund Limited) for the financial year ended 30 June 2013, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

Jonathan Pye

Jonathan Pye
Partner
Sydney
28 August 2013

Statement of Comprehensive Income

	Notes	2013 $	2012 $
Revenue from continuing operations	3	332,841	1,272,546
Change in fair value of financial assets at fair value through profit or loss		(6,569,635)	(11,364,791)
Accounting and investment administrative fees		(56,210)	(63,345)
Management fees		(201,310)	(350,146)
Audit fees	10	(48,019)	(72,486)
Share registry fees		(31,659)	(20,567)
Directors' fees		(79,500)	(73,700)
Company secretarial fees		(21,756)	(22,000)
ASX fees		(23,999)	(24,624)
Legal fees		(7,965)	(4,253)
Tax fees		(10,421)	(14,299)
Other expenses		(45,973)	(48,441)
Loss before income tax		(6,763,606)	(10,786,106)
Income tax benefit / (expense)	5(a)	(241,910)	(313,203)
Loss for the year		(7,005,516)	(11,099,309)
Total comprehensive loss for the year		(7,005,516)	(11,099,309)
Basic and diluted earnings per share (cents per share)	15	(24.57) cents	(38.90) cents

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

Statement of Financial Position

	Notes	2013 $	2012 $
ASSETS			
Current assets			
Cash and cash equivalents	14(b)	2,875,399	11,427
Trade and other receivables	4	3,126,124	11,223
Prepayments		10,670	9,680
Financial assets at fair value through profit or loss	6	7,833,442	13,437,798
Loans	6	-	7,375,965
Total current assets		13,845,635	20,846,093
Non-current assets			
Deferred tax assets	5(c)	-	241,910
Total non-current assets		-	241,910
Total assets		13,845,635	21,088,003
LIABILITIES			
Current liabilities			
Bank overdraft	14(b)	-	201,833
Trade and other payables	7	73,665	96,369
Total current liabilities		73,665	298,202
Non-current liabilities			
Total non-current liabilities		-	-
Total liabilities		73,665	298,202
Net assets		13,771,970	20,789,801
Equity			
Issued capital	8	28,617,637	28,629,952
Retained earnings	9	(14,845,667)	(7,840,151)
Total equity		13,771,970	20,789,801

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

Statement of Changes in Equity

	Note	Issued Capital $	Retained earnings $	Total Equity $
Balance as at 1 July 2011		**28,629,952**	**3,259,158**	**31,889,110**
Loss for the year		-	(11,099,309)	(11,099,309)
Total comprehensive loss for the year		-	(11,099,309)	(11,099,309)
Balance as at 30 June 2012		28,629,952	(7,840,151)	20,789,801
Balance as at 1 July 2012		**28,629,952**	**(7,840,151)**	**20,789,801**
Loss for the year		-	(7,005,516)	(7,005,516)
Total comprehensive loss for the year		-	(7,005,516)	(7,005,516)
Transactions with owners in their capacity as owners				
Shares bought back	**8**	(12,315)	-	(12,315)
Balance as at 30 June 2013		**28,617,637**	**(14,845,667)**	**13,771,970**

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

Statement of Cash Flows

	Notes	2013 $	2012 $
Cash flows from operating activities			
Interest received		309,504	58,079
Other income received		23,337	-
Foreign exchange gains		-	68,209
Investment manager's fees paid		(209,148)	(362,300)
Other expenses paid		(339,421)	(312,414)
Net cash (used in)/provided by operating activities	14(a)	(215,728)	(548,426)
Cash flows from investing activities			
Repayments of loans		7,375,965	-
Proceeds from sale of investments		5,526,045	4,208,918
Purchase of investments		(9,608,162)	(7,056,759)
Net cash provided by/(used in) investing activities		3,293,848	(2,847,841)
Cash flows from financing activities			
On market buyback of shares		(12,315)	-
Net cash (outflow)/inflow from financing activities		(12,315)	-
Net increase/(decrease) in cash and cash equivalents		3,065,805	(3,396,267)
Cash and cash equivalents at beginning of the year		(190,406)	3,205,861
Cash and cash equivalents at the end of the year	14(b)	2,875,399	(190,406)

The above statement of cash flows should be read in conjunction with the accompanying notes.

1. Reporting Entity

Australasian Wealth Investments Limited (formerly Merricks Capital Special Opportunity Fund Limited) is a company domiciled in Australia. The financial statements of Australasian Wealth Investments Limited are for the year ended 30 June 2013. The Company is a profit-making entity and is primarily involved in making investments and deriving revenue and investment income from listed and unlisted securities and unit trusts in Australia.

2. Summary of significant accounting policies

(a) Basis of Preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

The financial report covers Australasian Wealth Investments Limited which is a listed public company, incorporated and domiciled in Australia. The financial report has been prepared on an accruals basis, and is based on historical cost, with the exception of valuation of investments as described in Note 2(b) below.

The financial statements were authorised for issue by the board of directors on 28th August 2013.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Adoption of New and Revised Accounting Standards

The Company has adopted all of the new and revised standards and interpretations issued by Australian Accounting Standards Board that are relevant to its operations and effective for the current reporting period. The adoption of these new and revised standard and interpretations did not have a material impact on the financial statements of the Company.

(b) Compliance with IFRS

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board, and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

The preparation of the financial statements in conformity with IFRS requires the use of certain critical accounting estimates and judgments, which are included below.

(c) Investments at Market Value

The Company's investments are all measured at fair value through profit or loss in accordance with AASB 9: Financial Instruments. The fair value of the Company's listed investments are determined from the amount quoted on the primary exchange of the country of domicile. The fair value of the Company's unlisted investments at fair value is determined using valuation techniques. Such techniques include consideration of the instruments cost price, the price at which any recent transaction in the security may have been effected, the liquidity of the security, the size of the holding having regard to the total amount of such security on issue, the strategic nature of the holding and the geographic or sector to which the security provides exposure. Changes in the fair value of investments are recognised in the Statement of Comprehensive Income.

Transaction costs directly attributable to the acquisition of the investments are expensed in the Statement of Comprehensive Income as incurred.

2. Summary of significant accounting policies (continued)

(d) Impairment of financial assets

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

Impaired debts together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Company. If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced. If a previous write-off is later recovered, the recovery is credited to the ‘impairment expense‘.

Interest revenue on an impaired financial asset is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

(e) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is generally not the case with master netting agreements unless one party to the agreement defaults and the related assets and liabilities are presented gross in the Statement of Financial Position.

(f) Foreign Currency Translation

The functional and presentation currency of the Company as determined in accordance with AASB 121: The Effects of Changes in Foreign Exchange Rates is the Australian dollar.

Transactions denominated in foreign currencies are translated into Australian currency at the foreign currency exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to Australian Dollars at the foreign currency closing exchange rate ruling at the Statement of Financial Position date.

Foreign currency exchange differences arising on translations, and realised gains and losses on disposal or settlements of monetary assets and liabilities, are recognised in the Statement of Comprehensive Income. Non-monetary assets and liabilities denominated in the foreign currencies that are measured at fair value are translated to Australian dollars at the foreign currency closing exchange rates ruling at the dates that the values were determined. Foreign currency exchange differences relating to monetary items, including cash and cash equivalents, are presented separately in the Statement of Comprehensive Income.

(g) Investment Income

Dividend income
Dividend income is recognised on the applicable ex-dividend date.

Net changes in fair value of investments
Realised and unrealised gains and losses on investments measured at fair value through profit or loss are recognised in the Statement of Comprehensive Income.

2. Summary of significant accounting policies (continued)

(h) Income Tax

The income tax expense (revenue) 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 year 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 and loss.

No deferred income tax is recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable 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. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised only to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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; (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 assets and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(i) Revenue Recognition

Dividend income
Dividends and distributions are brought to account when the right to receive a dividend has been established.

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

Other income
Other income is recognised to the extent that it is probable that the economic benefits will flow to the Company and when the revenue can be reliably measured.

(j) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with bank, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts.

For the purposes of the Statement of Cash Flows, cash includes deposits held at call with financial institutions net of bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the Statement of Financial Position.

(k) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

Cash flows are presented in the Statement of Cash Flows on a gross basis, except the GST component of investing and financing activities, which are disclosed as operating cash flows.

2. Summary of significant accounting policies (continued)

(l) Earnings per share

Basic and diluted earnings per share including realised profits and losses on the investment portfolio are calculated by dividing profit attributable to members of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for any bonus element.

(m) Share 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.

(n) New standards and interpretations not yet adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended, but are not yet effective, have not been adopted by the Company in the presentation of this financial report. The following standards, amendments to standards and interpretations have been identified as those which may apply to the Company in the period of initial application:

(i) AASB 10: *Consolidated Financial Statements*

AASB 10 established a new control model that applies to all entities. IT replaces parts of AASB 127 Consolidated and Separate Financial Statements dealing with the accounting for consolidated financial statements and UIG-112 Consolidation- Special Purpose Entities.

The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control.

Consequential amendments were also made to other standards via AASB 2011-7.

AASB 10 is applicable to annual reporting periods beginning on or after 1 January 2013. These changes are not likely to have a material impact on the Company's financial statement.

(ii) AASB 11: Joint Arrangements

AASB 11 replaces AASB 131 Interest in Joint Ventures and UIG-113 Jointly – controlled Entities – Non-monetary Contributions by Ventures. AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change, In addition it removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations themselves are accounted for by recognising the shares of those assets and obligations. Joint ventures that give the venturers a right to the net assets is accounted for using the equity method

Consequential amendments were also made to other standards via AASB 2011-7 and amendments to AASB 128

AASB 11 is applicable to annual reporting periods beginning on or after 1 January 2013. These changes are not likely to have a material impact on the Company's financial statement.

(iii) AASB 12: Disclosure of Interests in Other Entities

AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structures entities. New disclosures have been introduced about the judgements made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests.

AASB 12 is applicable to annual reporting periods beginning on or after 1 January 2013. These changes are not likely to have a material impact on the Company's financial statement.

2. Summary of significant accounting policies (continued)

(iv) Amendments to AASB 2010-4: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (effective for annual reporting periods beginning on or after 1 January 2011)

In June 2010, the AASB made a number of amendments to the Australian Accounting Standards as a result of the IASB's annual improvements project. The Company does not expect that any adjustments will be necessary as the result of applying the revised rules.

(v) AASB 13: Fair Value Measurement

This standard is effective for annual periods beginning on or after January 1, 2013. The standard improves consistency and reduces complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across AASBs. If an asset or a liability measured at fair value has a bid price and an ask price, the standard requires valuation to be based on a price within the bid-ask spread that is most representative of fair value and allows the use of mid-market pricing or other pricing conventions that are used by market participants as a practical expedient for fair value measurement within a bid-ask spread.

AASB 13 is applicable to annual reporting periods beginning on or after 1 January 2013. These changes are not likely to have a material impact on the Company's financial statement.

(o) Functional and presentation currency

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

(p) Fair value of financial assets and liabilities

The fair value of cash and cash equivalents, and non-interest bearing monetary financial assets and liabilities of the Company approximates their carrying value. The fair value for assets that are actively traded on market is defined by AASB 9 as 'last bid price'.

(q) Comparatives

Where necessary, comparative information has been reclassified to be consistent with current reporting period.

(r) Critical accounting estimates and judgements

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

The Company has not recognised deferred tax assets relating to carried forward tax losses on the basis that it does not expect to derive sufficient future capital gains to utilise the current losses within a 3 to 5 year time period. Carried forward losses that were currently recognised as deferred tax assets in the prior financial year of $241,910 have been written off to income tax expense.

3. Revenue from continuing operations

	2013 $	2012 $
Interest received	309,504	1,272,546
Other income	23,337	-
	332,841	1,272,546

4. Trade and other receivables

	2013 $	2012 $
Current		
Unsettled sales	3,116,836	-
GST receivable	9,288	11,223
	3,126,124	11,223

Receivables are non-interest bearing and unsecured. Outstanding settlements are on the terms operating in the securities industry, which usually require settlement within three days of the date of a transaction.

The credit risk exposure of the Company in relation to receivables is the carrying amount.

5. Income tax

(a) Income tax expense recognised in the Statement of Comprehensive Income

	2013 $	2012 $
The components of income tax expense:		
Current income tax expense	(241,910)	(313,203)
Deferred tax income relating to the origination and reversal of temporary differences	-	-
Total income tax expense	(241,910)	(313,203)

(b) Income tax expense

	2013 $	2012 $
The prima facie income tax benefit on accounting profit reconciles to income tax benefit as follows:		
Prima facie income tax benefit calculated at 30% (2012: 30%) on the operating profit before realised gains/(losses) on the financial asset at fair value through profit or loss	57,561	(313,203)
Add/(Less) effect of:		
Write off current year and prior year deferred tax	(299,471)	-
Income tax (expense)/benefit (before realised gains/(losses) on investment portfolio)	(241,910)	(313,203)

(c) Deferred tax assets and liabilities

Deferred tax assets and liabilities are only offset where there is a legally enforceable right of offset and there is an intention to settle the balances net. The following is an analysis of the deferred tax balances (after offset) for balance sheet purposes:

	2013 $	2012 $
Deferred tax assets	-	241,910
	-	241,910

At 30 June 2013, unrealised capital and trading losses have not been recognised as their future recovery is uncertain or not currently anticipated. The deferred tax assets not recognised are as follows:

	2013 $	2012 $
Unrealised capital losses	4,808,034	3,523,803
Revenue losses	299,471	-
	5,349,415	3,523,803

Unrealised capital losses of $4,808,034 not recognised arises largely from the sharp decline in the share price of the Company's holding in Straits Resources Limited at balance sheet date. Additionally, the Company has experienced revenue losses for the last three years. The Australian Accounting Standards impose a stringent test for the recognition of a deferred tax asset where there is a history of recent tax losses. The Company has not recognised any tax assets arising from capital or revenue losses until a return to taxable profits has been demonstrated.

5. Income tax (continued)

Whilst deferred tax assets from unrealised capital losses were not recognised in the financial reports, the benefit of these losses will still be available to the Company in the future, if income of an appropriate nature is earned. The deductible temporary differences and tax losses do not expire under current tax legislation.

	2013	2012
Deferred tax assets comprises the estimated expenses at current income tax rates on the following items:	$	$
Temporary differences	-	9,900
Tax losses	-	232,010
Total provision	-	241,910

(d) Reconciliations	**2013**	**2012**
The overall movement in the deferred tax account is as follows:	**$**	**$**
Opening balance	241,910	599,939
(Charge)/credit to the Statement of Comprehensive Income	(241,910)	(358,029)
Closing balance	-	241,910

6. Investment

	2013	2012
	$	$
Current		
Financial assets at fair value through profit or loss	7,833,442	13, 437,798
Secured Loan - Digital Harbour	-	7,375,965
	7,833,442	20,813,763

On 27 August 2012, the Company received full repayment of the Digital Harbour Mezzanine loan achieving an effective interest rate return of 17% for the duration of the loan. An on market announcement had been lodged with the Australian Securities Exchange ("ASX") on the same date.

As a result of the loan repayment, net cash and cash equivalents for the company had increased by $3,065,805 at 30 June 2013.

7. Trade and other payables

	2013	2012
	$	$
Current		
Trade creditors	57,973	71,850
Interest payable	-	987
Management fees	15,694	23,532
	73,667	96,369

Payables are non-interest bearing and unsecured. Outstanding settlements are on the terms operating in the securities industry, which usually require settlement within three days of the date of a transaction.

8. Issued capital

	2013 $	2012 $
Ordinary shares	28,617,637	28,629,952

	2013 No.	2013 $	2012 No.	2012 $
Opening balance	28,535,436	28,629,952	28,535,436	28,629,952
Share buy backs during the year	(29,181)	(12,315)	-	-
Closing balance	28,506,255	28,617,637	28,535,436	28,629,952

On 5 October 2011, the Company announced a share buy-back plan on market to buy back 2,853,593 shares for the period of 12 months commencing 29 October 2011. During the reporting period, the Company bought back 15,000 ordinary shares under the buy back plan (30 June 2012: nil).

On 15 October 2012, the Company made another announcement on market to buy back 2,852,044 ordinary shares for the period of 12 months commencing on 29 October 2012. During the reporting period, the Company bought back an additional 14,181 ordinary shares under the current buy back plan.

Please refer to the Company's ASX announcements for more details relating to the respective share buybacks during the year.

At 30 June 2013, 28,506,255 ordinary shares were on issue (2012: 28,535,436). The decrease of 29,181 represents shares bought back during the year.

(a) Terms and conditions

The Company has ordinary shares on issue. Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholder meetings.

(b) Capital Management

The Board's policy is to maintain a strong capital base so as to maintain investor and market confidence.

To achieve this the Board of Directors monitor the monthly Net Tangible Assets ("NTA") results, investment performance, the Company's management expense ratio (MER), and share price movements.

The Company is not subject to any externally imposed capital requirements.

Capital relates to equity attributable to investors.

The primary objective of the company's capital management is to ensure that it maintains healthy capital ratios to support its business and maximise shareholder value.

The company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the company may adjust the dividend payment to investors, capital returns or issue new shares.

No changes were made in the objectives, policies or processes for managing capital during the years ended 30 June 2013 and 30 June 2012.

The company monitors capital and performance via NTA Backing reporting which were released on ASX's website each month.

9. Retained earnings

	2013 $	2012 $
Opening balance	(7,840,151)	3,259,158
Profit/(loss) attributable to members of the Company	(7,005,516)	(11,099,309)
Closing balance	(14,845,667)	(7,840,151)

10. Auditors remuneration

	2013	2012
Auditing and reviewing the financial reports		
Ernst and Young	48,019	46,596
Others	-	25,890
	48,019	72,486

11. Related Party Information

(a) Key management personnel

The names of the persons who were key management personnel of the Company during the financial year were:

Andrew Brown (Chairman)
John Reynolds
Andrew Barnes (appointed 4 April 2013)
Alastair Davidson (appointed 4 April 2013)
Henry Adam Lindell (resigned 28 March 2013)
Adrian Redlich (resigned 28 March 2013)

(b) Key management personnel remuneration

Income paid to key management personnel by the Company and related parties in connection with the management of affairs of the Company were:

	Short-term Employee Benefit Cash Salary & Fees	Post-Employment Benefit Superannuation	Total
2013	76,800	2,700	79,500
2012	71,000	2,700	73,700

The directors' remuneration excludes insurance premiums paid and payable by the Company in respect of directors' liability insurance.

Apart from the details disclosed in this note, no key management personnel have entered into a material contract with the Company during the financial year.

The Board of Directors of Australasian Wealth Investments Limited is responsible for determining and reviewing compensation arrangements for the Directors. The Board of Directors assess the appropriateness of the nature and amount of emoluments of each Director on a periodic basis by reference to workload and market conditions. The overall objective is to ensure maximum stakeholder benefit from the retention of a high quality Board whilst constraining costs.

Key management personnel remuneration has been included in the remuneration report section of the Directors Report.

(c) Shareholdings of key management personnel and their related entities

For the year ended 30 June 2013 **Ordinary Shares**	**Balance at 1 July 2012**	**Shares held on appointment**	**Shares acquired / (disposed)**	**Shares issued upon option exercise**	**Balance at 30 June 2013**
Andrew Brown (Chairman)	660,770	-	(90,000)	-	570,770
John Reynolds	40,000	-	-	-	40,000
Andrew Barnes	-	5,672,744	-	-	5,672,744
Alastair Davidson	-	-	-	-	-
Adrian Redlich	5,904,292	-	(5,641,744)	-	262,548
	6,605,062	5,672,744	(5,731,744)	-	6,546,062

For the year ended 30 June 2012 **Ordinary Shares**	**Balance at 1 July 2011**	**Shares held on appointment**	**Shares acquired / (disposed)**	**Shares issued upon option exercise**	**Balance at 30 June 2012**
Andrew Brown (Chairman)	1,936,467	-	(1,275,697)	-	660,770
John Reynolds	40,000	-	-	-	40,000
Adrian Redlich	5,853,869	-	50,423	-	5,904,292
Angus Geddes (resigned 30/07/10)	1	-	(1)	-	-
	7,830,337	-	(1,225,275)	-	6,605,062

Key management personnel transactions concerning dividends and ordinary shares are on the same terms and conditions applicable to ordinary members.

11. Related Party Information (continued)

(d) Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Henry Adam Lindell and Adrian Redlich were directors of Merricks Capital Pty Ltd ("Merricks") the Investment Manager, prior to their resignation, and prior to the manager change to Aurora Funds Management Limited. Merricks received $141,624 (2012: $350,146) in management fees. Henry Adam Lindell received $20,483 (2012: $22,000) for company secretarial services to Australasian Wealth Investments Limited.

Alastair Davidson is a director of Aurora Funds Management Limited (“Aurora”) the Investment Manager. Aurora received $59,686 (2012: nil) in managements fees.

In addition, Aurora may receive a performance fee of 15% p.a. of the gross return of the Portfolio that it is in excess of the ASX 300 Accumulation Index. In its capacity as manager, Aurora was not entitled to performance fees for the year ended 30 June 2013 (2012: Nil).

12. Segment information

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

13. Financial risk management

The Company's financial instruments consist mainly of deposits with banks, accounts receivable and payable.

AASB 7 Financial Instruments: Disclosures identify three types of risk associated with financial instruments (i.e. the Company's investments, receivables and payables:

(i) Credit risk

The standard defines this as the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

There are no other material amounts of collateral held as security at 30 June 2013.

Credit risk is managed as shown in Note 4 and with respect to receivables, Note 6 for Loans and Note 14 for cash and cash equivalents. None of these assets are over-due or considered to be impaired.

The Company has entered into a Prime Brokerage Agreement ("PBA") with UBS AG, Australia Branch ("UBS") which was terminated on 2 April 2013. Up until the date of termination, the services provided by UBS include clearing and settlement of transactions, financing, securities lending and acting as custodian for the Company's assets. The PBA with UBS was in a form that is typical of Prime Brokerage Agreements.

(ii) 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 the Company's cash-flow requirements daily taking into account upcoming dividends, tax payments and investment 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 unlisted securities which may be difficult to liquidate in a timely fashion.

The table below analyses the Company's non-derivative financial liabilities in relevant maturity groupings based on the remaining period to the earliest possible contractual maturity date at the year end date. The amounts in the table below are contractual undiscounted cash flows.

13. Financial risk management (continued)

	Less than 1 month	More than 1 month	Total
At 30 June 2013	**$**	**$**	**$**
Bank overdraft	-	-	-
Trade and other payables	73,667	-	73,667
Total financial liabilities	73,667	-	73,667
At 30 June 2012			
Bank overdraft	201,833	-	201,833
Trade and other payables	96,369	-	96,369
Total financial liabilities	298,202	-	298,202

(iii) 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.

A general fall in market prices of 5 per cent and 10 per cent, if spread equally over all assets in the investment would lead to a reduction in the Company's equity of $274,170 and $548,341 respectively (2012: $470,323 and $940,646 respectively), assuming a flat tax-rate of 30 per cent.

The Company's investment sectors as at 30 June are as below:	2013 %	2012 %
Energy	-	1.44
Financials	84.99	-
Materials	9.08	39.20
Pharmaceuticals, Biotechnology and Life Science	-	0.57
Real Estate	5.93	23.35
Loans	-	35.44
	100.00	100.00

Securities and loans representing over 5% of the investment portfolio at 30 June were:	2013 %	2012 %
Straits Resources Limited	9.06	38.74
Digital Harbour Mezzanine Loan	-	35.44
Lantern Hotel Group (formerly ING Real Estate Entertainment Fund)	5.93	23.35
Van Eyk Group Holdings	84.99	-
	99.98	97.53

No other security represents over 5 per cent of the Company's investments.

The Company is also not directly exposed to currency risk as all its investments are quoted in Australian dollars.

The Company is engaged in investment activities conducted solely in Australia.

(iv) Derivative financial instruments

A derivative is a financial contract whose value depends on, or is derived from, underlying assets, liabilities or indices. Derivative transactions include a wide assortment of instruments, such as forwards, futures, options and swaps.

Derivatives are considered to be part of the investment process. The use of derivatives is an essential part of proper portfolio management. Derivatives are not managed in isolation. Consequently, the use of derivatives is multi-faceted and includes:

(i) hedging to protect an asset of the company against a fluctuation in market values or to reduce volatility;
(ii) as a substitute for physical securities; and
(iii) adjustment of asset exposures within the parameters set out in the investment strategy.

13. Financial risk management (continued)

Derivative financial instruments require no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.

The Company holds the following derivative instruments:

Options

An option is a contractual arrangement under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, either to buy (a call option) or sell (a put option) at or by a set date or during a set period, a specific amount of securities or a financial instrument at a predetermined price. The seller receives a premium from the purchaser in consideration for the assumption of future securities price. During the year, the Company held exchange traded options.

As at 30 June 2013, the notional principal amounts of derivatives held by the Company were as follows:

	Notional principal amounts 2013 $	Notional principal amounts 2012 $
Company issued options	1,500	2,100
	1,500	2,100

(v) 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.

Sensitivity analysis - interest rate risk

An increase of 75 basis points in interest rates as at the reporting date (assuming a flat tax rate of 30 per cent) would have increased the Company's profit by $15,096 (2012: $37,724). A decrease of 75 basis points would have an equal but opposite effect.

As at 30 June 2013, the Company's exposure to interest rate risk and the effective weighted average interest rate for each class of financial asset and financial liability is set out in the table below:

	Weighted average interest rate (% pa)	Floating interest rate $	Non-interest bearing $	Total $
Financial assets				
Cash assets	2.60	2,875,399	-	2,875,399
Trade and other receivables		-	3,126,124	3,126,124
Financial assets at fair value through profit or loss		-	7,833,442	7,833,442
		2,875,399	10,959,566	13,834,965
Financial liabilities				
Trade and other payables		-	73,667	73,667
		-	73,667	73,667
Net financial assets		2,875,399	10,885,899	13,761,298

13. Financial risk management (continued)

As at 30 June 2012, the Company's exposure to interest rate risk and the effective weighted average interest rate for each class of financial asset and financial liability is set out in the table below:

	Weighted average interest rate (% pa)	Floating interest rate $	Non-interest bearing $	Total $
Financial assets				
Cash assets	2.68	11,427	-	11,427
Trade and other receivables		-	11,223	11,223
Financial assets at fair value through profit or loss		-	13,437,798	13,437,798
Loans	17.00	7,375,965	-	7,375,965
		7,387,392	13,449,021	20,836,413
Financial liabilities				
Bank overdraft	4.35	201,833	-	201,833
Trade and other payables		-	96,369	96,369
		201,833	96,369	298,202
Net financial assets		7,185,559	13,352,652	20,538,211

(vi) Fair value hierarchy

AASB 7 requires the Company to classify fair value measurements using a fair value hierarchy that reflects the subjectivity of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes ‘observable’ requires significant judgement by the Directors. The Directors consider observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The table below sets out the Company’s financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy at 30 June.

	Level 1 $	Level 2 $	Level 3 $	Total $
At 30 June 2013				
Financial assets				
Financial assets held at fair value through profit or loss	1,175,632	-	6,657,810	7,833,442
Total	-	-	6,657,810	7,833,442
At 30 June 2012				
Financial assets				
Financial assets held at fair value through profit or loss	13,437,798	-	-	13,437,798
Loans	-	-	7,375,965	7,375,965
Total	13,437,798	-	7,375,965	20,813,763

13. Financial risk management (continued)

During the reporting period ending 30 June 2013 there was no transfers between Level 1 and Level 2 fair value measurements.

Financial instruments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include active listed equities, certain unlisted unit trusts and exchange traded derivatives.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2.

Investments classified within level 3 have significant unobservable inputs, as they are infrequently traded. Loan investments and unlisted equities are classified within level 3.

The following table shows a reconciliation of the movement in the fair value of financial instruments categorised within level 3 between the beginning and the end of the reporting period:

Balance as at 1 July 2012	7,375,965
Purchase of unlisted equities	6,657,810
Payment of loan received	(7,375,965)
Balance as at 30 June 2013	6,657,810

14. Statement of Cash Flows

	2013 $	2012 $
(a) Reconciliation of net profit from ordinary activities after income tax to net cash provided by operating activities		
Operating profit/(loss)	(7,005,516)	(11,099,309)
Change in operating assets and liabilities:		
Change in fair value of financial assets at fair value through profit or loss	6,569,635	11,364,791
Net loss on financial instruments held at fair value through profit or loss	-	68,208
(Increase)/decrease in trade and other receivables	1,935	(1,211,379)
Increase in prepayments	(990)	-
Increase/(decrease) in trade and other payables	(22,702)	16,060
Decrease in tax assets	241,910	313,203
Net cash (outflow)/inflow from operating activities	(215,728)	(548,426)

(b) Reconciliation of cash

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the statement of financial position as follows:

	2013 $	2012 $
Cash at bank	2,875,399	11,427
Bank overdraft	-	(201,833)
	2,875,399	(190,406)

The credit risk exposure of the Company in relation to cash is the carrying amount and any accrued unpaid interest. Cash investments are made with Westpac Banking Corporation which is rated AA by Standard and Poor's.

15 Earnings per share

	2013 cents	2012 cents
Basic and diluted earnings per share (cents per share)	(24.57)	(38.90)
Weighted average number of ordinary shares outstanding during the year used in calculating basic and diluted earnings per share	28,511,088	28,535,436

Diluted earnings per share is the same as basic earnings per share. The Company has no securities outstanding which have the potential to convert to ordinary shares and dilute the basic earnings per share.

16. Dividends

No dividends were declared or paid during the 2013 and 2012 financial years.

17. Franking account

	2013 $	2012 $
Opening balance of franking account	1,723,473	1,723, 473
Franking credits on dividends received	-	-
Closing balance of franking account	1,723,473	1,723,473
Adjustments for tax payable/refundable in respect of the current year's profits and the receipt of dividends	-	-
Adjusted franking account balance	1,723,473	1,723,473
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	-	-
Closing balance of franking account	1,723,473	1,723,473

18. Events occurring after reporting date

Since 30 June 2013, the following subsequent events had arisen:

1. Acquisition of further shares in van Eyk Group Holdings Pty Ltd
   During July 2013, the Company acquired a further 35% of van Eyk Group Holdings Pty Ltd for a cost of $4,660,467.

2. Agreement to acquire InvestSMART
   On 13 August 2013, the Company entered into a binding agreement to buy InvestSMART from Fairfax Media Limited for a cash consideration of $7 million. This is dependent on a capital raising process by the Company. In the event the transaction does not complete, the Company will pay Fairfax Media Limited a break fee of $150,000.

3. Capital raising
   The Company has raised approximately $10 million via a conditional placement of 28.6 million shares at $0.35 per share. The conditional placement is subject to shareholder approval at an Extraordinary General Meeting to be held in September 2013. Once approved, the Company will offer an entitlement offer to eligible shareholders on record date of one new share for every three existing shares at $0.35 per share to raise approximately $6.7 million. The proceeds will be used to fund the acquisition of InvestSMART, complete the partial acquisition of van Eyk Research Pty Ltd and provide additional working capital.

4. Termination of Investment Management Contract
   The Company has agreed to acquire the investment Management Contract from Aurora Funds Management Limited and Andrew Barnes for a cash payment of $900,000. This payment is subject to a majority of shareholder approval at the Annual General Meeting to be held in October 2013.

19. Contingent liabilities

There are no contingent liabilities as at 30 June 2013.

20. Company details

The registered office and principal place of business of the Company is:

Level 4, 1 Alfred Street
Sydney NSW 2000

Directors' declaration

In accordance with a resolution of the Directors of Australasian Wealth Investments Limited, I state that:

1. In the opinion of the Directors:

   (a) The financial statements, notes and the additional disclosures included in the Director's Report designated as audited, of the Company are in accordance with the Corporations Act 2001, including:

      (i) giving a true and fair view of the financial position of the Company as at 30 June 2013 and of its performance for the year ended on that date.

      (ii) complying with Australian Accounting Standards, International Financial Reporting Standards (IFRS) as disclosed in Note 1(a) and Corporations Regulations 2001.

   (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.

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2013.

On behalf of the Board

Andrew J. Brown

Andrew Brown
Chairman
Dated this 28th day of August 2013 at Sydney

Building a better working world

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Independent auditor's report to the members of Australasian Wealth Investments Limited (formerly Merricks Capital Special Opportunity Fund Limited)

Report on the financial report

We have audited the accompanying financial report of Australasian Wealth Investments Limited (formerly Merricks Capital Special Opportunity Fund Limited), which comprises the statement of financial position as at 30 June 2013, the statement of comprehensive income, statement of changes in equity and 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 the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 judgment, 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*. We have given to the directors of the Company a written Auditor's Independence Declaration, a copy of which is attached to the directors' report.

Opinion

In our opinion:

a. the financial report of Australasian Wealth Investments Limited (formerly Merricks Capital Special Opportunity Fund 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 2013 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 1(a).

Report on the remuneration report

We have audited the Remuneration Report included in pages 16 to 17 of the directors' report for the year ended 30 June 2013. The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Australasian Wealth Investments Limited (formerly Merricks Capital Special Opportunity Fund Limited), for the year ended 30 June 2013 complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

Jonathan Pye

Jonathan Pye
Partner
Sydney
28 August 2013

Additional ASX Information – Year Ended 30 June 2013

Additional information required by the Australian Stock Exchange Limited Listing Rules and not disclosed elsewhere in this Annual Report is set out below.

The security holder information set out below was applicable as at 16 August 2013.

A. Distribution of shareholders

As at 16 August 2013, there were 28,506,255 shares held by 1,435 shareholders, all of which were quoted on the ASX. There are no restricted shares on issue. There are no unquoted shares on issue.

Category (size of holding)	**Number of shareholders**	**Shares**	**Percentage**
1 – 1,000	385	82,378	0.29
1,001 – 5,000	401	1,755,271	6.16
5,001 – 10,000	274	2,358,211	8.27
10,001 – 100,000	354	10,194,352	35.41
100,001 and over	21	14,216,043	49.87
	1,435	28,506,255	100.00

The number of shareholders holding less than a marketable parcel of ordinary shares is 394.

B. Top 20 Shareholders as at 16 August 2013

	Number of shares held	**%**
Mr Andrew Howard Barnes	5,616,744	19.704
BNP Paribas Noms Pty Ltd <DRP>	2,339,171	8.206
RBC Investor Services Australia Nominees Pty Limited <Bkust A/C>	1,432,212	5.024
Bond Street Custodians Limited <Van Eyk Blueprint Bal A/C>	1,000,000	3.508
Mr Andrew John Brown	507,609	1.781
Dr Stephanie Phillips	421,261	1.478
Mr Michael Korber <Mercinvest A/C>	385,051	1.351
J P Morgan Nominees Australia Limited	309,580	1.086
Somoke Pty Limited <Pulman Super Fund A/C>	270,000	0.947
Mr Adrian Redlich	262,548	0.921
Como Super Funds Pty Ltd <Como Executive S/f A/C>	223,226	0.783
Paderne Holdings Pty Ltd <Paderne Holdings S/f A/C>	202,879	0.712
Mr Alan Udell & Mrs Rosemary Udell <The Udell Super Fund A/C>	196,000	0.688
Mr Robert Bruce Ralston & Mrs Deborah Eileen Ralston	195,000	0.684
Ms Deborah Elizabeth Kneebone & Prof Alexander Cowell Mcfarlene <Debbie Kneebone S/f A/C>	167,107	0.586
Mr Leigh Andrew Mcgarvie & Mrs Elaine Mcgarvie <Ccomfortplus Super Fund A/C>	137,201	0.481
Mr Robert Maxwell Hill <Romahi Super Fund A/C>	115,509	0.405
Di Iulio Homes Pty Limited <Di Iulio Super Fund A/C>	115,000	0.403
Mr Rohan John Armstrong & Mrs Laura Armstrong <Super Fund A/C>	109,945	0.386
Australian Executor Trustee Limited <No 1 Account>	105,000	0.368
Mr Theo Van Den Berg	105,000	0.368
	14,216,043	49.87

C. Voting rights

At a general meeting, shareholders are entitled to one vote for each share held. On a show of hands, every shareholder present in person or by proxy shall have one vote and upon a poll, every shareholder so present shall have one vote for every share held.

Additional ASX Information – Year Ended 30 June 2013 (continued)

D. Substantial shareholders

The Company has been notified of three shareholders who hold relevant interests of in excess of 5% of the Company's ordinary shares as at 16 August 2013:

Name	No of shares held	%
Mr Andrew HowardBarnes	5,616,744	19.70
BNP Paribis Noms Pty Ltd <DRP>	2,339,171	8.21
RBC Investor Services Australia Nominees Pty Limited <Bkcust A/C>	1,432,212	5.02

E. Buy-back

There is a current on-market buy-back program in effect.

F. Security Transactions

The Company conducted 37 (2012: 97) security transactions during the financial year. Brokerage paid during the year including GST was $23,276 (2012: $4,254) for the portfolio.

G. Company Secretary

The company secretary is Richard Matthews.

H. Registered Address and Principal Place of Business

The registered office and principal place of business of the Company is:
Level 4
1 Alfred Street
Sydney NSW 2000

I. Registry

Share registry functions are maintained by Boardroom Pty Limited and their details are as follows:

Boardroom Pty Limited
ACN 003 209 836
ABN 14 003 209 836
Level 7
207 Kent Street
Sydney NSW 2000

J. Stock Exchange Listing

Quotation has been granted for all the ordinary shares of the Company on all Member Exchanges of the Australian Stock Exchange Limited.

K. Corporate Governance

The Company has followed all applicable best practice recommendations set by ASX Corporate Governance Council, except for those indicated in the Corporate Governance report, during the reporting period, unless otherwise stated.

L. Management Agreement

The Manager is entitled to receive a management fee payable monthly in arrears equivalent to 0.1035746% of the value of the portfolio calculated on the last business day of each month.

In addition, Aurora Funds Management Limited may receive a performance fee monthly of 15% of the gross return of the Portfolio that it is in excess of the ASX 300 Accumulation Index. In its capacity as manager, Aurora Funds Management Limited was not entitled to performance fees for the year ended 30 June 2013 (2012: Nil).