



AFS Licence 259094 ABN 39 087 450 360

Street Address: Level 3, Benson House, 2 Benson Street, Toowong Qld  
Postal Address: P.O. Box 4019, St Lucia South Queensland 4067

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E-mail: [info@leithner.com.au](mailto:info@leithner.com.au)  
Website: [www.leithner.com.au](http://www.leithner.com.au)

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## **1. A Private Company and Not a Managed Fund**

Leithner & Co. Pty. Ltd. is a private investment company and not a managed fund. It caters primarily to professional and sophisticated investors as defined in sections 708 (8) and 708 (11) of the Corporations Act.

## **2. Sharing of Risks and Rewards, Minimising Costs**

Leithner & Co. levies no management fees, and its Directors derive no benefits from its investment operations until Class E shareholders have done so (see the “Distinguishing Features” section of the web site for details). Because Directors have a strong incentive to minimise costs, Leithner & Co. strives to be a low-cost vehicle.

## **3. Businesslike Measurement of Results**

The Company’s results have everything to do with the income received from the businesses of which it is a part owner – and nothing to do with their prices at a given point in time. This income provides a conservative and “businesslike” measure of its results: it does not include unrealised capital gains and is therefore not influenced by short-term fluctuations in the market prices of investments. This income is returned to shareholders in the form of franked dividends. The Company thus strives to generate steady and sustainable results.

## **4. Graham-and-Buffett “Value” Investment Philosophy**

Leithner & Co. adheres strictly to a conservative, businesslike, long-term, “value” approach to investing, and therefore strives to be a low-risk investment vehicle that generates reasonable returns. It is a value investor in the manner practiced by Benjamin Graham and his colleagues Warren Buffett, Thomas Knapp and Walter Schloss. See also *The Intelligent Australian Investor* (John Wiley & Sons, 2005) by Chris Leithner.

## **5. Sticking To Basics**

The Company sticks resolutely to basics. It does not short sell, use call and put options, futures contracts or other esoteric – and, as Graham, Buffett, Knapp and Schloss believe, speculative and dangerous – derivative financial instruments. In this sense, too, it is a low-risk investor.

## **6. Transparency of Operations**

Twice each year, Leithner & Co.’s results are reported to its shareholders. And at regular intervals between the Annual and Half-Year reports, Newsletters and Circulars describe developments affecting the Company.

## **7. Frugality of Operations and Avoidance of Hidden Costs**

Leithner & Co.’s approach to investment enables and encourages its operations to be conducted frugally. Because no management fee is levied upon shareholders and overhead expenses are pruned wherever possible, its Directors cannot indulge themselves in the manner to which most other investment managers are accustomed.

Full details appear at [www.leithner.com.au](http://www.leithner.com.au)

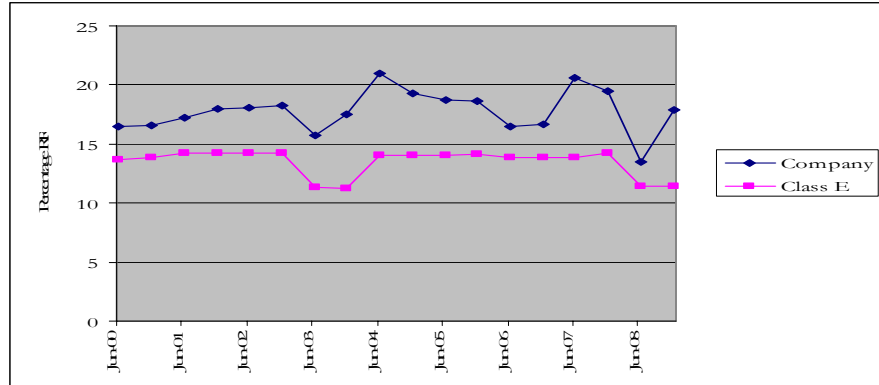


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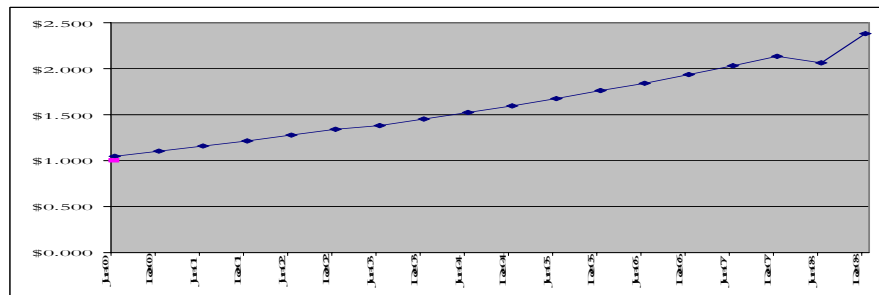
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### Results Since Inception



**The Company’s Annualised Return** expresses the sum of Total Beneficial Earnings Per Share for the current and immediately preceding half-year as a percentage of the Company’s assets. (T.B.E.P.S. means all investment income per share. It is a conservative and “businesslike” measure: it does not include unrealised capital gains and is therefore not influenced by fluctuations in the market prices of investments; it also includes the franking credits associated with this income.) **Annualised Return (Class E Shareholders)** expresses the sum of the Grossed-Up Dividend per Class E share for the current and immediately preceding half-year as a percentage of the Company’s assets. (G.U.D. means the dividend including franking credits paid per Class E share.)

### Growth of Capital Since Inception



Each dollar invested in Leithner & Co. on 30 June 1999, if reinvested in the Company’s Class E shares, would by 31 December 2008 have grown to \$2.31, generated \$0.35 of franking credits and possessed net unrealised capital gains and undistributed franking credits of ca. \$0.04 per share. This equates to a total gain of 175% and a compound rate of growth since 1999 of 12.6% per annum. The results of Leithner & Co.’s investments cannot be guaranteed and you should not assume that results like those above will continue into the future.



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## BECOMING A SHAREHOLDER

**Step #1:** Leithner and Co. requires for its records:

- Name of entity (i.e., individual holding, joint holding, family trust, self-managed super, company, partnership)
- Postal address of entity
- ATO requires Tax File Number and dd-mm-yy of birth (if applicable)
- Amount of the investment and hence the number of shares to be issued at \$1.00 per share

**Step #2:** Investor forwards payment for shares

**Step #3:** Leithner & Co.'s Directors pass a resolution expanding the Company's capital and instruct the Company's solicitors to prepare the relevant paperwork, based upon the above information, and lodge them with the Australian Securities and Investments Commission.

**Step #4:** Leithner & Co. sends to new shareholder (or the shareholder's accountant, lawyer or advisor)

- Letter advising of the procedures followed
- Company Declaration and ASIC form documenting the investment
- Company Constitution