



BENJAMIN  
HORNIGOLD  
LIMITED

*Annual Report*

FOR THE PERIOD ENDED  
30 JUNE 2017

BENJAMIN HORNIGOLD LTD  
ACN 614 854 045

## Chairman's Letter 2017

Dear Shareholder

This Annual Report marks the first year in which Benjamin Hornigold Ltd commenced operations as a Listed Investment Company, and covers the strong performance of the Company since its admission to the Official List of ASX in May 2017.

Benjamin Hornigold Ltd focuses on building a concentrated portfolio of its investment manager's most compelling investment ideas. This includes equities, currencies, bonds, derivatives and commodities.

John Bridgeman Limited, the Company's investment manager, has adopted a high conviction investment style to management of the Company's portfolio. It aims to identify equities and other opportunities which are viewed as high growth prospects and are reasonably valued. Capital is allocated to high conviction ideas from a global universe of international equities, currencies, bonds, derivatives and commodities.

The portfolio has benefitted from exposure to the Hang Seng Index in Hong Kong, NASDAQ100, and moves in the Euro, British Pound and Mexican Peso.

During the 2017-2018 financial year, the Board will continue to identify and evaluate opportunities for profitable and strategic investment, and aims to reward shareholders for their investment in the Company through financial success.

We look forward to your continued investment in Benjamin Hornigold Ltd.



**Stuart McAuliffe**  
Executive Chairman  
**Benjamin Hornigold Ltd**

30 August 2017

**Benjamin Hornigold Ltd ACN 614 854 045**  
**Directors' report for the period ended 30 June 2017**

The directors present their report together with the financial statements of Benjamin Hornigold Ltd (the Company) for the financial period ended 30 June 2017 and the auditor's report.

**Directors**

The following persons were directors of Benjamin Hornigold Ltd during or since the end of the financial period up to the date of this report:

Stuart McAuliffe – Executive Chairman

Vince Gordon – Non-Executive Director

Simon Richardson – Non-Executive Director

Bryan Cook – previous Executive Director (Resigned 15 February 2017)

Peter Aardoom – Non-Executive Director

Jody Wright – previous Executive Director (Resigned 15 February 2017)

Particulars of each director's experience and qualifications are set out below.

**Information relating to Directors and Company Secretary**

<b>Stuart McAuliffe</b>	Appointed as a director 28 September 2016, and Executive Chairman February 2017.
Qualifications	BA; MEd; Grad Dip Legal Studies
Experience	Stuart has over 25 years' experience investing in global equity, bond, currency and commodity markets. Stuart is also an Associate Professor in the Faculty of Society and Design at Bond University.
Listed Company Directorships held	Stuart has been a Director of John Bridgeman Limited since January 2015 and a Director of Henry Morgan Limited since September 2014.
Interests in Shares and Options	Stuart holds or has interests in entities that hold 1,000 ordinary shares.
<b>Simon Richardson</b>	Independent Non-Executive Director appointed 14 February 2017.
Qualifications	BEcon; BCom
Experience	Simon has had over 20 years of diverse national and international business experience. Simon commenced his career at KPMG spending time in Australia and the United Kingdom. In 2006 Simon was a founding partner in one of the leading proprietary futures trading businesses in Australia.
Listed Company Directorships held	Simon was a director of Henry Morgan Ltd until 31 March 2016. Simon was also a director of John Bridgeman Limited until 31 March 2016.
Interests in Shares and Options	Simon holds no shares or options.

**Benjamin Hornigold Ltd ACN 614 854 045**  
Directors' report for the period ended 30 June 2017

**Information relating to Directors and Company Secretary (continued)**

<b>Peter Aardoom</b>	Non-Executive Director appointed 14 February 2017.
Experience	Peter is a highly skilled and experienced financial markets executive. He has excellent technical skills and in-depth knowledge of equity, debt, commodity, foreign exchange and fixed income markets. He has over 30 years' experience in Australian and international equity and derivatives broking and trading, portfolio management, general corporate and financial advisory services, and company promotion.
Listed Company Directorships held	Nil.
Interests in Shares and Options	Peter holds or has interests in entities that hold 42,000 ordinary shares and 42,000 listed options.
<b>Vince Gordon</b>	Independent Non-Executive Director appointed 14 March 2017.
Qualifications	BA, LLB, MBA
Experience	Vince Gordon has over 20 years' experience in his field. He is the Managing Partner of Reed Smith LLP's Middle East offices. Reed Smith LLP is one of the world's leading global law firms. He has substantial experience in all types of capital markets work, including banking and finance, debt capital markets, structuring and joint ventures, corporate finance and acquisitions, funds, trade finance, regulatory and project finance work.
Listed Company Directorships held	Nil in the last 3 years.
Interests in Sares and Options	Vince holds no shares or options.
<b>Bryan Cook</b>	Executive Director appointed 29 September 2016, resigned 15 February 2017.
Experience	Bryan has extensive experience in leadership and investigation both in the private sector and with the Queensland Police Service.
Listed Company Directorships held	Nil.
Interests in Shares and Options	Bryan holds or has interests in entities that hold 7,000 ordinary shares and 7,000 listed options.
<b>Jody Wright</b>	Company Secretary appointed 29 September 2016. Previously a Director appointed 29 September 2016, resigned 15 February 2017.
Qualifications	LLB
Experience	Jody was admitted to practice as a Solicitor of the Supreme Court of Queensland in January 2001 and is a member of the Queensland Law Society. Jody has an extensive background in corporate governance, compliance, risk management, board advisory and commercial litigation. She has significant experience as in-house counsel and compliance manager across different industry spheres including financial services, insurance and investigative services.
Listed Company Directorships held	Nil.
Interests in shares and Options	Jody holds or has interests in entities that hold 5,100 ordinary shares and 5,100 listed options.

**Benjamin Hornigold Ltd ACN 614 854 045**  
Directors' report for the period ended 30 June 2017

**Information relating to Directors and Company Secretary (continued)**

<b>Kevin Mischewski</b>	Company Secretary appointed 10 August 2017.
Qualifications	CA, AGIA
Experience	Kevin is a chartered accountant and member of the Governance Institute of Australia. He has held Company Secretary and Chief Financial Officer roles for ASX-listed and unlisted public companies. Kevin brings a wealth of experience as a finance and company administration executive. Kevin previously held the role as Company Secretary and Chief Financial Officer for ASX-listed Australian Pacific Coal Ltd.

**Meeting of Directors**

During the financial period, 2 meetings of directors were held. Attendances by each director during the period were as follows:

<b>Board of Directors</b>		
	<b>Number eligible to attend</b>	<b>Number attended</b>
Stuart McAuliffe	2	2
Simon Richardson	1	1
Peter Aardoom	1	1
Vince Gordon	1	1
Bryan Cook	1	1
Jody Wright	1	1

**Operating and financial review**

**Principal activities**

The Company is a Listed Investment Company (LIC) incorporated on 28 September 2016.

The Company provides investors with the opportunity to gain exposure to an investment portfolio which is actively managed. The investment portfolio is invested in a small number of high conviction investments in undervalued assets that provide growth opportunities with the aim of achieving above average returns (whilst limiting volatility) over the medium to long term.

**Business model and objectives**

The Company's investment strategy is to create a Portfolio of investments with potential for providing returns to shareholders, as assessed by the Investment Manager (Manager), John Bridgeman Limited, using its high conviction investment approach. The Manager focuses on identifying and capitalising on opportunities which the Manager believes are undervalued and provide growth potential. This approach is supported by detailed analysis using the Manager's conviction matrix.

The Company's key investment objectives are to:

- seek to increase the value of the Portfolio by allocating capital to a limited number of investments in which the Manager has the highest conviction;
- provide investors with exposure to global markets as well as domestic investment opportunities in the listed and unlisted sectors, to which investors may not otherwise have access; and
- provide investors with moderate to high Portfolio appreciation over the medium to long-term through active management of investment assets.

**Benjamin Hornigold Ltd ACN 614 854 045**  
Directors' report for the period ended 30 June 2017

### **Operating results**

The net profit after tax for the Company amounted to \$130,505, including net gain on financial instruments of \$679,164; commissions paid of \$308,909 and management fees of \$88,019. The tax expense associated with the profit was \$55,931.

### **Review of operations**

The Company commenced operations on 11 May 2017 having raised \$20,000,000 in share capital from an Initial Public Offering before associated costs. The period ended 30 June 2017 was the Company's first period in operation. This financial report includes only seven weeks for the Company as a listed entity following its IPO and the Company recorded a net profit after tax of \$130,505 for the period to 30 June 2017.

### **Events after the reporting period**

The Directors are not aware of any significant events since the end of the reporting period that may significantly affect the operations or the operating results of the Company.

### **Significant changes in state of affairs**

The Company was incorporated on 28 September 2016 and commenced operations on 11 May 2017. There were no other significant changes in the state of affairs of the Company during the period.

### **Dividends paid or recommended**

No dividend has been paid or recommended during or since the end of the financial period.

### **Future developments, prospects and business strategies**

The Company intends to follow its long-term philosophy of seeking to invest in undervalued assets across all asset classes and obtain above average returns through capital appreciation and investment income.

Further information about the likely developments in the Company and the expected results have not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Company.

### **Business risks**

The following exposures to business risk may affect the Company's ability to achieve its objectives:

- Any fall in global or local equity markets, global or local bond markets or a lack of change in the value of the Australian dollar against other major currencies may discourage investors from moving money in and out of equity markets.
- Any investment decisions made by the investment manager (John Bridgeman Limited) that may lead to a negative return in the Company. The investment manager has robust systems and processes in place to manage these business risks. The investment approach of the investment manager is based on the experience of the staff of the investment manager, research into past data and the application of research into mathematical models that attempt to forecast risk and returns. There is a risk that the investment management systems may not be profitable and the Company may suffer a loss.

### **Environmental issues**

The Company has no direct exposure to environmental regulations.

**Benjamin Hornigold Ltd ACN 614 854 045**  
**Directors' report for the period ended 30 June 2017**

## **Share options**

### **Unissued shares under options**

Details of options issued as at report date are as follows:

<b>Grant Date</b>	<b>Date of Expiry</b>	<b>Exercise Price</b>	<b>Number under Option</b>
4 May 2017	28 April 2020	\$1.00	20,000,000

Option holders do not have any rights to participate in any issues of shares or other interests in the Company or any other entity.

Option grant dates are noted above including those issued during or since the end of the period. For details of options issued to directors and executives as remuneration, refer to the Remuneration Report. No person entitled to exercise the option has or has any right by virtue of the option to participate in any share issue of any other body corporate.

### **Shares issued on exercise of options**

There were no shares issued pursuant to the exercise of options during or since the period ended 30 June 2017.

### **Indemnifying officers or auditor**

During the period, the Company entered into an agreement to indemnify, and agreed to pay insurance premiums as follow:

- The Company has paid premiums to insure all directors against liabilities for costs and expenses incurred by them in defending legal proceedings arising from 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. The directors have not included details of the nature of the liabilities covered or the amount of the total premium paid in respect of the insurance contract as such disclosure is prohibited under the terms of the contract.

### **Non-audit services**

The Board of Directors is satisfied that the provision of non-audit services during the period is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

No non-audit services were provided by KPMG during the period ended 30 June 2017.

### **Proceedings on behalf of Company**

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings since the establishment of the Company.

### **Auditor's independence declaration**

The lead auditor's independence declaration for the period ended 30 June 2017 has been received and can be found on page 11 of the financial report.

**Benjamin Hornigold Ltd ACN 614 854 045**  
Directors' report for the period ended 30 June 2017

**Remuneration Report (audited)**

This Remuneration Report outlines the remuneration arrangements of Benjamin Hornigold Ltd for the period ended 30 June 2017.

The report details the remuneration arrangements for the key management personnel (KMP) within the Company. KMP is defined as those persons having authority and responsibility for planning, directing and controlling activities of the Company, including any director.

During the 2017 financial period, the KMP for the Company comprised the directors of the Company, as set out in the table of employment details. The Company has no other Executives as the investment operations of the Company are managed by the Manager under a management services agreement.

The Remuneration Report has been prepared and audited against the disclosure requirements of the Corporations Act 2001.

**Remuneration policy**

The remuneration policy of Benjamin Hornigold Ltd has been determined having regard to the function of the management services agreement in place with John Bridgeman Limited. The Board of Benjamin Hornigold Ltd believes the remuneration policy to be appropriate and effective in its ability to attract and retain high-quality KMP to run and manage the Company, as well as create goal congruence between directors and shareholders.

The Board's policy for determining the nature and amount of remuneration for KMP of the Company is as follows:

- The remuneration policy is developed and approved by the Board.
- All KMP receive a fixed directors' fee which is based on factors such as relevant industry standards.
- The Board reviews KMP packages annually by reference to the Company's performance and comparable information from industry sectors.

Total remuneration available to the Directors (including executives) is a maximum of \$200,000. Any increase in the aggregate amount of Directors' fees over \$200,000 must be approved by a resolution of the shareholders.

The Board's policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. Independent external advice is sought when required. Current annual remuneration is set at \$56,000 for the Chairman and \$48,000 each for non-executive directors.

In addition, the Board's remuneration policy prohibits directors and KMP from using Benjamin Hornigold Ltd securities as collateral in any financial transaction, including margin loan arrangements.

**Performance-based remuneration**

There is currently no performance-based remuneration paid directly by the Company. Measures may be specifically tailored in the future.

**Relationship between remuneration policy and Company performance**

The remuneration policy has been tailored to align the goals between shareholders, directors and executives. The Company commenced operations in May 2017 and remuneration will be reviewed regularly in the context of the policy outlined above, including reference to Company performance. The Company believes this policy will be effective in increasing shareholder wealth.

**Performance conditions linked to remuneration**

There are currently no performance conditions linked to remuneration.



**Benjamin Hornigold Ltd ACN 614 854 045**  
**Directors' report for the period ended 30 June 2017**

**Consequences of performance on shareholder wealth**

In considering the Company's performance and benefits for shareholder wealth, the Board has regard to the following indices in respect of the current financial period.

	<b>2017</b>
	<b>\$</b>
Profit attributable to owners of the Company	130,505
Dividends paid	Nil
Change in share price between listing and 30 June 2017	(0.01)

**Employment details of members of Key Management Personnel**

The following table provides employment details of persons who were, during the financial period, members of KMP of the Company. The table also illustrates the proportion of remuneration that was performance and non-performance based and the proportion of remuneration received in the form of options. The KMP are all directors and are paid an all-inclusive fixed fee which is the subject of an appointment letter when the directors are appointed.

2017	Position Held as at 30 June 2017 and any Change during the Period	Details (Duration and Termination)	Proportions of Elements of Remuneration Not Related to Performance	
			Fixed Salary	Total
			%	%
<b>Current KMP</b>				
Stuart McAuliffe	Executive Chairman	No fixed term	100	100
Simon Richardson	Non-Executive Director	No fixed term	100	100
Peter Aardoom	Non-Executive Director	No fixed term	100	100
Vince Gordon	Non-Executive Director	No fixed term	100	100
<b>Previous KMP</b>				
Bryan Cook	Previous Executive Director	Appointed 29 Sept 2016, resigned 15 Feb 2017	-	-
Jody Wright	Previous Executive Director	Appointed 29 Sept 2016, resigned 15 Feb 2017	-	-

**Remuneration Expense Details for the Period Ended 30 June 2017**

The following table of benefits and payments represents the components of the current period remuneration expenses for each member of KMP of the Company. Such amounts have been calculated in accordance with Australian Accounting Standards.

**Benjamin Hornigold Ltd ACN 614 854 045**  
 Directors' report for the period ended 30 June 2017

**Table of benefits and payments for the period ended 30 June 2017**

2017	Short-term Benefits				Post-employment Benefits		Long-term Benefits		Equity-settled Share-based Payments		Cash-settled Share-based Payments	Termination Benefits	Total
	Salary, Fees and Leave	Profit Share and Bonuses	Non-monetary	Other	Super and super equivalents	Other	Incentive Plans	LSL	Shares/ Units	Options/ Rights			
<b>Current KMP</b>													
Stuart McAuliffe	7,302	-	-	-	694	-	-	-	-	-	-	-	7,996
Simon Richardson	6,741	-	-	-	640	-	-	-	-	-	-	-	7,381
Peter Aardoom	6,741	-	-	-	640	-	-	-	-	-	-	-	7,381
Vince Gordon	6,741	-	-	-	640	-	-	-	-	-	-	-	7,381
<b>Previous KMP</b>													
Bryan Cook	-	-	-	-	-	-	-	-	-	-	-	-	-
Jody Wright	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total KMP</b>	<b>27,525</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,614</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30,139</b>

**Cash bonuses, performance-related bonuses and share-based payments**

No share-based payments or bonuses were granted as remuneration to KMP during the period.

**KMP shareholdings**

The number of ordinary shares of Benjamin Hornigold Ltd held by each KMP of the Company, directly or indirectly or by their associates during the financial period is as follows:

	Balance at 28 Sep 2016	Granted as Remuneration during the Period	Issued on Exercise of Options during the Period	Other Changes during the Period	Balance at 30 June 2017
<b>Current KMP</b>					
Stuart McAuliffe	1,000	-	-	-	1,000
Simon Richardson	-	-	-	-	-
Peter Aardoom	-	-	-	42,000	42,000
Vince Gordon	-	-	-	-	-
<b>Previous KMP</b>					
Bryan Cook	-	-	-	7,000	7,000
Jody Wright	-	-	-	5,100	5,100
	1,000	-	-	54,100	55,100

The number of options in Benjamin Hornigold Ltd held by each KMP, directly or indirectly, or by their associates during the financial period is as follows:

	Balance at 28 Sep 2016	Granted as Remuneration during the Period	Issued on Exercise of Options during the Period	Other Changes during the Period	Balance at 30 June 2017
<b>Current KMP</b>					
Stuart McAuliffe	-	-	-	-	-
Simon Richardson	-	-	-	-	-
Peter Aardoom	-	-	-	42,000	42,000
Vince Gordon	-	-	-	-	-
<b>Previous KMP</b>					
Bryan Cook	-	-	-	7,000	7,000
Jody Wright	-	-	-	5,100	5,100
	-	-	-	54,100	54,100

There have been no other transactions involving equity instruments other than those described in the tables above relating to shareholdings.

**Benjamin Hornigold Ltd ACN 614 854 045**  
**Directors' report for the period ended 30 June 2017**

**Loans to KMP and their related parties**

There were no loans outstanding at the end of the reporting period to KMP and their related parties.

**Other transactions with KMP and/or their related parties**

There were no other transactions conducted between the Company and KMP or their related parties, other than those disclosed above relating to equity and compensation, that were conducted other than in accordance with normal employee, customer or supplier relationships on terms no more favourable than those reasonably expected under arm's length dealings with unrelated persons.

This directors' report, incorporating the remuneration report, is signed in accordance with a resolution of the Board of Directors.



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Mr Stuart McAuliffe, Executive Chairman

Dated: 30 August 2017

**CORPORATE GOVERNANCE**

The Company's Corporate Governance Statement, prepared in accordance with the third edition of Corporate Governance Principles and Recommendations of the ASX Corporate Governance Council, can be found at:

<http://www.benjaminhornigold.com.au/data/docs/Corporate%20Governance%20Files/BHD%20-%20Corporate%20Governance%20Statement%20as%20at%2029%20Aug%202017.pdf>



# Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Benjamin Hornigold Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Benjamin Hornigold Limited for the financial period ended 30 June 2017 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

*KPMG*

KPMG

Simon Crane  
Partner

Brisbane  
30 August 2017

**Benjamin Hornigold Ltd ACN 614 854 045**  
**Financial report for the period ended 30 June 2017**

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**Benjamin Hornigold Ltd ACN 614 854 045**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR**  
**THE PERIOD ENDED 30 JUNE 2017**

	<b>Note</b>	<b>28 Sep 2016 to 30 June 2017</b>
		<b>\$</b>
<b>Investment income</b>		
Net gain on financial instruments at fair value through profit or loss	B1	679,164
<b>Total investment income</b>		679,164
<b>Expenses</b>		
Accounting and audit costs		42,049
Commissions paid to investment brokers		308,909
Directors fees		30,139
Management and performance fees	B2	88,019
Stock exchange listing and share registry associated costs		7,126
Other expenses		16,486
<b>Total expenses</b>		492,728
<b>Profit before income tax</b>		186,436
Income tax expense	B5	(55,931)
<b>Net profit for the period</b>		130,505
<b>Other comprehensive income</b>		
Items that will not be reclassified subsequently to profit or loss:		-
Items that will be reclassified subsequently to profit or loss when specific conditions are met		-
<b>Other comprehensive income for the period</b>		-
<b>Total comprehensive income for the period attributable to members of the Company</b>		130,505
<b>Earnings per share (cents)</b>		
- Basic earnings per share	B4	3.10
- Diluted earnings per share	B4	3.03

The accompanying notes form part of these financial statements.

**Benjamin Hornigold Ltd ACN 614 854 045**  
**STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017**

	<b>Note</b>	<b>2017</b>
		<b>\$</b>
<b>ASSETS</b>		
Cash and cash equivalents	C1	16,182,307
Balances held with brokers	C2	3,507,097
Receivables	C3	549,904
Derivative assets	D1	7,976
Deferred tax assets	B5	341,261
<b>TOTAL ASSETS</b>		<u><u>20,588,545</u></u>
<b>LIABILITIES</b>		
Derivative liabilities	D1	484,053
Payables	C4	347,968
Current tax payable	B5	165,540
<b>TOTAL LIABILITIES</b>		<u><u>997,561</u></u>
<b>NET ASSETS</b>		<u><u>19,590,984</u></u>
<b>EQUITY</b>		
Issued capital	E1	19,460,479
Retained earnings		130,505
<b>TOTAL EQUITY</b>		<u><u>19,590,984</u></u>

The accompanying notes form part of these financial statements.

**Benjamin Hornigold Ltd ACN 614 854 045**  
**STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2017**

	<b>Note</b>	<b>Issued capital</b>	<b>Retained earnings</b>	<b>Total</b>
		<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance at 28 September 2016</b>		-	-	-
<b>Comprehensive income</b>				
Profit for the period		-	130,505	130,505
Other comprehensive income for the period		-	-	-
<b>Total comprehensive income for the period</b>		-	130,505	130,505
<b>Transactions with owners, in their capacity as owners, and other transfers</b>				
Issue of share capital	E1	20,001,000	-	20,001,000
Costs associated with capital raising, net of tax	E1	(540,521)	-	(540,521)
<b>Total transactions with owners, in their capacity as owners, and other transfers</b>		19,460,479	-	19,460,479
<b>Balance at 30 June 2017</b>		19,460,479	130,505	19,590,984

The accompanying notes form part of these financial statements.



**Benjamin Hornigold Ltd ACN 614 854 045**  
**STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2017**

	<b>Note</b>	<b>28 Sep 2016 to 30 June 2017</b>
		<b>\$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net proceeds on sale of investments		1,155,241
Payments to brokers for initial trading margin		(3,507,097)
Commissions, brokerage and management fees paid		(124,885)
Payments for operating and administrative expenses		(84,591)
Net cash used in operating activities	C1	<u>(2,561,332)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Short-term advance		(485,189)
Net cash used in investing activities		<u>(485,189)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares		20,001,000
Payments for cost of issuance and listing of new shares		(772,172)
Net cash provided by financing activities		<u>19,228,828</u>
Net increase in cash held		16,182,307
Cash and cash equivalents at beginning of the period		-
Cash and cash equivalents at end of the period	C1	<u>16,182,307</u>

The accompanying notes form part of these financial statements.

### **A1. REPORTING ENTITY**

Benjamin Hornigold Ltd (the 'Company') is a listed investment company domiciled in Australia. Its registered office is at Level 9, 123 Eagle Street, Brisbane, QLD, 4000.

The investment objective of the Company is to achieve moderate to high portfolio returns over the medium to long term. The investment activities of the Company are managed by John Bridgeman Limited (Manager).

The Company was established to invest primarily in a concentrated portfolio of the Manager's most compelling investment ideas (including equities, currencies, bonds, derivatives and commodities), with the purpose of receiving investment income and capital appreciation.

The Company was incorporated on 28 September 2016 and, as this is its first reporting period, there are no prior period comparatives.

The financial statements were authorised for issue by the Board of Directors on 30 August 2017.

### **A2. BASIS OF ACCOUNTING**

The Company is a for-profit entity and these financial statements have been prepared on the historical cost basis except for financial instruments which have been disclosed at fair value through profit or loss. The Company is an investment company and accounts for investments at fair value through profit or loss in accordance with AASB 139, Financial Instruments: Recognition and Measurement and AASB 10, Consolidated Financial Statements.

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The financial report complies with the International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board (IASB).

The financial statements are presented in Australian dollars which is the Company's functional and presentation currency.

All amounts have been rounded to the nearest whole dollar unless otherwise stated.

As the Company was incorporated on 28 September 2016, the period is from 28 September 2016 to 30 June 2017 and no comparative information is presented.

### **A3. USE OF JUDGEMENTS AND ESTIMATES**

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are applied prospectively.

When measuring the fair value of an asset or a liability, the Company uses quoted prices on an active market as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as described in Note D1.

**B COMPANY PERFORMANCE****B1. REVENUE AND OTHER INCOME**

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable and the amount of revenue can be measured reliably.

- **Net gain on investments** – Gains and losses arising from changes in the fair value of investments held are recognised in the statement of profit or loss and other comprehensive income in the year in which they arise.

	<b>28 Sep 2016 to 30 June 2017 \$</b>
<i>Net gains / (losses) on financial instruments measured at fair value through profit or loss</i>	
Net realised gains/(losses)	1,155,241
Net unrealised gains/(losses)	<u>(476,077)</u>
	<u>679,164</u>

**B2. MANAGEMENT AND PERFORMANCE FEE**

In accordance with the management services agreement which became operative when the Company listed on ASX on 11 May 2017, the Manager, John Bridgeman Limited will receive a management fee of 3.0% per annum plus Goods and Services Tax (GST) calculated and paid monthly in arrears based on the net tangible assets of the Company; and a performance fee.

The terms of the performance fee are 27% of the investment return at the end of the last day of the relevant quarter from the Company. The payment of a performance fee in any quarter is subject to the Company achieving a 'high water mark' hurdle; that is, the net tangible assets of the Company on the last business day of the quarter exceeding the previous highest net tangible assets achieved by the Company before any performance fee becomes payable.

The Manager has charged management fees of \$88,019 during the period from 12 May 2017 when the Company commenced trading until 30 June 2017. No part of the management fee was outstanding at the end of the period.

The Manager has waived all performance fees payable in respect of the period ended 30 June 2017.

The Manager is appointed for an initial term of five years unless terminated earlier. After the initial five year term, the Company at general meeting may resolve by ordinary resolution to terminate the management services agreement on three months' notice after the resolution is passed, or be extended in accordance with its terms.

If the management services agreement is terminated without cause, the Manager is entitled to a termination payment. The termination payment will be equal to 5% of the net tangible asset backing of each share in each class of shares in the Company as calculated under the Listing Rules multiplied by the number of shares on issue in that class of shares as at the termination date. The percentage of net tangible asset backing in respect of the calculation of the termination payment will be reduced on a pro-rata basis in accordance with the length of time served under the management services agreement.

*Other transactions with the Manager and/or their related party*

For the period ended 30 June 2017, JB Markets Pty Ltd (a controlled entity of the Manager for the purposes of the Accounting Standards) provided broking services to the Company. Brokerage fees of \$233,376 have been expensed by the Company and are recognised as a payable as at 30 June 2017.

**B3. SEGMENTS**

Operating segments are identified based on separate financial information which is regularly reviewed by the Managing Director (representing the Chief Operating Decision Maker) in assessing performance and determining the allocation of resources. As the Company operates in only one segment, all results of the Company, as presented in this financial report, relate to the financial services segment for the period ended 30 June 2017.

The Company operates materially in only one geographical segment being Australia.

**B4. EARNINGS PER SHARE**

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding for the period.

Diluted earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares on issue and ordinary shares that the Company expects to issue through the exercise of outstanding options for the period.

	<b>28 Sep 2016 to 30 June 2017 \$</b>
a. Reconciliation of earnings to profit:	
Profit / (loss) attributable to ordinary equity holders	130,505
Earnings used to calculate basic EPS	<u>130,505</u>
Earnings used in the calculation of dilutive EPS	<u>130,505</u>
	<b>No.</b>
b. Weighted average number of ordinary shares outstanding during the period used in calculating basic EPS	4,203,899
Weighted average number of dilutive options outstanding	<u>106,409</u>
Weighted average number of ordinary shares outstanding during the period used in calculating dilutive EPS	<u>4,310,308</u>
c. Basic earnings per share (cents)	3.10
Diluted earnings per share (cents)	3.03

In the calculation of diluted earnings per share, only those options with an exercise price lower than the average market price of ordinary shares of the Company during the period are considered when calculating the effect of options.

**B5. INCOME TAX**

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

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

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

**B5. INCOME TAX (Continued)**

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

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

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

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

	<b>28 Sep 2016 to 30 June 2017 \$</b>
<b>Tax expense</b>	
Current income tax provision	165,540
Movement in deferred tax	(109,609)
Income tax expense / (benefit)	<u>55,931</u>
 <b>Deferred tax recognised in equity</b>	
Share issuance and listing costs	231,651
	<u>231,651</u>
 <b>Numerical reconciliation between income tax and result before tax</b>	
Profit before tax	186,436
Income tax using domestic corporate rate 30%	55,931
<b>Income tax expense</b>	<u>55,931</u>

**B5. INCOME TAX (Continued)****Deferred tax**

In line with our existing accounting policy, the Company has exercised judgement in determining the extent of recognition of deferred tax balances.

The deferred tax asset in the statement of financial position is comprised of:

	<b>2017</b>
	<b>\$</b>
<b>Deferred tax assets and liabilities</b>	
Unrealised losses on financial assets	142,823
Accrued expenses	12,000
Capital raising costs (deductible over 5 years)	1,116
Share issuance and listing costs recognised in equity	185,322
<b>Deferred tax assets</b>	<u>341,261</u>

The Company has no unrecognised deferred tax assets.

**C OPERATING ASSETS AND LIABILITIES****C1. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include cash on hand, deposits available on-demand with banks and unrestricted cash held with brokers. Cash and cash equivalents have maturities of 3 or less months from the date of acquisition. They are measured at gross value of the outstanding balance.

	<b>2017</b>
	<b>\$</b>
a. Components of cash and cash equivalents	
Cash at bank	6,625,608
Cash held with investment brokers - unrestricted	9,556,699
	<u>16,182,307</u>
b. Reconciliation of profit after income tax to net cash inflow/(outflow) from operating activities	
Profit/(loss) after income tax	130,505
Adjustments for:	
Unrealised losses on investments	476,077
	<u>606,582</u>
Changes in:	
Due from brokers	(3,507,097)
Deferred tax asset	(109,609)
Trade and other payables	283,252
Provisions for income tax	165,540
Net cash used in operating activities	<u>(2,561,332)</u>
c. There were no non-cash financing or investing activities	

**C2. BALANCES HELD WITH BROKERS**

	<b>2017</b>
	<b>\$</b>
Balances held with brokers	3,507,097
	<u>3,507,097</u>

The amount represents security against initial margins on open derivative positions as at 30 June 2017.

The brokers have restricted the use of these funds until the open positions are closed.

## Benjamin Hornigold Ltd ACN 614 854 045

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

#### C3. RECEIVABLES

Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets. As at 30 June 2017, all receivables are classified as current assets.

Receivables are initially recognised at fair value and subsequently measured at amortised cost.

<b>Current receivables</b>	<b>2017</b>
	<b>\$</b>
Short term advance repayable on demand	485,189
GST receivable	64,715
	<u>549,904</u>

#### C4. PAYABLES

	<b>2017</b>
	<b>\$</b>
Trade creditors	67,211
Accrued expenses	47,381
Brokerage fees payable	233,376
	<u>347,968</u>

As at 30 June 2017, all payables are current.

### D FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

#### D1. FINANCIAL INSTRUMENTS

##### Accounting classifications and fair values

Financial assets and financial liabilities are recognised when the Company becomes party to the contractual provisions to the instrument. For Financial assets, trade date accounting is adopted, which is equivalent to the date that the Company commits itself to purchase or sell the assets.

##### *Initial measurement, subsequent measurement & classification*

Financial instruments are initially measured at fair value. Transaction costs related to financial instruments measured at fair value are expensed to the Statement of Profit or Loss and Other Comprehensive Income immediately.

Financial instruments are subsequently measured at fair value. Current market prices for all quoted or exchange-traded investments are used to determine fair value.

The Company classifies its financial instruments into the following categories:

- i. Financial assets and financial liabilities at fair value through profit or loss*

Financial assets and financial liabilities are classified at fair value when they are held for trading. Realised and unrealised gains and losses arising from changes in fair value are included in the Statement of Profit or Loss and Other Comprehensive Income in the period in which they arise.



**D1. FINANCIAL INSTRUMENTS, Accounting classifications and fair values (Continued)**

*ii. Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of services but also incorporate other types of contractual monetary assets. After initial recognition they are measured at amortised cost using the effective interest method, less any provision for impairment. Any change in their value is recognised in profit or loss.

*Derecognition*

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the Company no longer has any significant continuing involvement in the risks and benefits associated with the asset.

*Impairment of financial assets*

At the end of the reporting period the Company assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

Impairment on loans and receivables is reduced through the use of an allowance account, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

*Fair value measurement and the fair value hierarchy*

The fair value of quoted or exchange-traded instruments are based on current bid prices. Factors considered in determining the fair value of these investments include, but are not limited to, market conditions, purchase price, nature of investment, estimation of liquidity value, subsequent equity financing involving third parties or a significant change in operating performance or potential resulting in a change in valuation, and other pertinent information. Significant valuation issues are reported to the Board.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

If the inputs used to measure the fair value of an asset or a liability are categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

**D1. FINANCIAL INSTRUMENTS, Accounting classifications and fair values (Continued)**

The following table presents a comparison of the carrying value and fair value of the Company's financial assets and liabilities, including their levels in the fair value hierarchy. It does not include information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

2017	Carrying Amount			Fair value				
	Measured at fair value	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
\$								
<b>Financial assets measured at fair value</b>								
Derivative assets	7,976	-	-	7,976	7,976	-	-	7,976
	7,976	-	-	7,976	7,976	-	-	7,976
<b>Financial liabilities measured at fair value</b>								
Derivative liabilities	484,053	-	-	484,053	484,053	-	-	484,053
	484,053	-	-	484,053	484,053	-	-	484,053

*Financial asset and liabilities not measured at fair value*

For cash and cash equivalents and balances held with brokers, receivables, and payables, given the short term nature the carrying amount approximates the fair value.

**D2. FINANCIAL RISK MANAGEMENT**

This note presents information about the Company's objectives, policies and processes for measuring and managing risk.

The Company's investing activities are exposed to a variety of financial risks. These risks include market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The Manager has been given the discretionary authority to manage and undertake investments in line with the Company's investment objective, and investment strategy.

The Manager is required to act in accordance with the Management Services Agreement and to report to the Board regularly on the portfolio's performance, material actions of the Manager during the quarter and an explanation of the Manager's material proposed actions for the upcoming quarter. The Manager is also responsible for designing and implementing day to day risk management and internal control systems which identify material risks for the Company. The engagement of an experienced Manager is designed to minimise risk for the Company.

The oversight and management of the Company's risk management program has been conferred upon the Board of Directors. The Board is responsible for ensuring that the Company maintains effective risk management and internal control systems and processes.

**D2. FINANCIAL RISK MANAGEMENT (Continued)****a) Market Risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices such as foreign exchange rates, interest rates, equity prices and credit spreads.

The Company is predominantly exposed to market risk from its investment activities. The exposure arises from investing in derivatives on regulated future exchanges. The Company seeks to reduce the risk through a number of measures including diversifying across different futures markets, investing in a mixture of long and short positions and controlling the futures positions in each market to reflect the Company's assessment of volatility risk. The Company's market risk is managed on a daily basis by the Manager in accordance with the policies and procedures in place.

**(i) Currency Risk**

The Company invests in global futures and enters into transactions that are denominated in currencies other than its functional currency. Consequently, the Company is exposed to the movements in exchange rates that may have an adverse effect on the fair value of future cash flows of the Company's financial assets or financial liabilities denominated in currencies other than Australian dollars.

The Manager considers currency valuations at the entity level when making investment decisions, however the Company's investment portfolio is typically unhedged. Currency exposure may be hedged defensively where the Manager sees a significant risk of currency weakness.

The Company did not hold any derivative instruments to manage its exposure to currency risk at the reporting date.

The following table summarises the Company's net currency exposure from its financial assets and financial liabilities, monetary and non-monetary, at the reporting date:

	<b>2017</b>
	<b>\$</b>
Australian Dollar	18,059,494
European Euro	(168,540)
United States Dollar	56,892
Great Britain Pound	28,749
Hong Kong Dollar	159,001
Japanese Yen	96,228
Korean Won	1,065,280
	<u>19,297,104</u>

*Currency risk sensitivity analysis*

The following table sets out the impact on the Company's profit and net assets from possible currency movements increase (decrease):

	<b>Sensitivity rates</b>	<b>Strengthened 2017</b>	<b>Weakened 2017</b>
	<b>%</b>	<b>\$</b>	<b>\$</b>
European Euro	3	5,056	(5,056)
United States Dollar	3	(1,706)	1,706
Great British Pound	3	(862)	862
Hong Kong Dollar	3	(4,770)	4,770
Japanese Yen	3	(2,887)	2,887
Korean Won	3	(31,958)	31,958

**D2 FINANCIAL RISK MANAGEMENT, a) Market Risk (Continued)**

The sensitivity analysis is based on the assumption that the Australian dollar strengthened or weakened by the sensitivity rates against the other currencies. The sensitivity rates represent the Manager's estimate of a reasonably possible movement in foreign currency exchange rates given the current exchange rates and the historic volatility and assumes all other variables remain constant.

*(ii) Interest Rate Risk*

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company can hold a significant portion of its investment portfolio in cash and cash equivalents at bank. Consequently, the Company is exposed to the changes in market interest rates that may have a negative impact, either directly or indirectly, on the investment return.

The following table summarises the Company's exposure to interest rate risk at the reporting date:

	<b>Non-interest bearing</b>	<b>Floating interest rate</b>	<b>Fixed interest rate</b>	<b>Total</b>
	\$	\$	\$	\$
<b>2017</b>				
<b>Financial Assets</b>				
Cash and cash equivalents – at bank	6,625,608	-	-	6,625,608
Cash and cash equivalents – held with brokers (unrestricted)	9,556,699	-	-	9,556,699
Balances held with brokers (restricted)	3,507,097	-	-	3,507,097
Short-term advance <sup>1</sup>	-	-	485,189	485,189
GST receivable	64,715	-	-	64,715
	19,754,119	-	485,189	20,239,308

<sup>1</sup> The short-term advance was made on 31 May 2017 with a fixed interest of 9.65% and repayable on demand.

*Interest rate risk sensitivity analysis*

As the financial assets at 30 June 2017 were either non-interest bearing or have fixed interest, a change in interest rates applicable at the reporting date would not have affected the Company's profit or net assets.

*Maturity analysis*

Cash and cash equivalents, both at bank and held with brokers (unrestricted) are at call. Restricted balances held with brokers are monies secured against open trading positions. These monies are released by the broker on settlement of open positions. All trading positions are short-term in nature.

*(iii) Price Risk*

Market prices fluctuate due to a range of factors specific to the individual investments or factors affecting the market in general. Price risk exposure arises from the Company's open derivative positions.

The Manager's investment decision process is fundamental to the management of price risk. The Manager undertakes extensive assessment of market dynamics, considers the impact of key events, changes in leading indicators as well as market extremes before investing, investing further capital or exiting investments. The additional general control that applies to the Company's investment portfolio is that no investment will be executed by the Manager that will result in greater than 50% of the Company's total capital being invested in futures products.

**D2 FINANCIAL RISK MANAGEMENT, a) Market Risk (Continued)***Price risk sensitivity analysis*

An increase of 7% in market prices applicable at the reporting date would have increased the Company's profit and net assets by \$3,730,000. A decrease of 7% in market prices would have an equal and opposite effect. This analysis assumes that all other variables remain constant.

**b) Credit Risk**

Credit risk is the risk of a counterparty failing to meet its financial obligations or contractual commitments resulting in a financial loss to the Company. The Company ensures all liquid assets are held with highly rated Australian retail banks and stockbrokers.

Cash and balances held with brokers are held with highly rated Australian retail banks (AA-) and trading activities are conducted through A rated stockbrokers. Receivables are from AAA rated and unrated parties. The financial assets are categorised as follows:

<b>Risk rating</b>	<b>2017</b>
	\$
AAA	64,715
AA-	6,625,608
A	13,063,796
Unrated	485,189
	20,239,308

The maximum exposure to credit risk for derivatives is any unrealised profit and margins paid on the positions that the Company held at the reporting date. The credit risk exposure for cash and deposit holdings is the carrying amount at the reporting date.

At 30 June 2017, receivables were neither past due nor impaired.

**c) Liquidity Risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

The following table summarises the contractual maturity of the Company's financial liabilities at the reporting date:

	<b>Carrying amount</b>	<b>Contractual cash flow</b>	<b>At call</b>	<b>6 months or less</b>
	\$	\$	\$	\$
<b>2017</b>				
<b>Financial liabilities</b>				
Open derivative positions	484,053	484,053	-	484,053
Current tax payable	165,540	165,540	-	165,540
Payables	300,587	300,587	-	300,587
<b>Total</b>	950,180	950,180	-	950,180

The Company's approach to managing liquidity risk is to ensure it has sufficient liquidity to meet these liabilities. The majority of its investment assets are considered readily realisable within one week.

**E CAPITAL STRUCTURE AND FINANCING****E1. CAPITAL AND RESERVES**

	<b>2017</b>
	<b>\$</b>
20,001,000 ordinary shares fully paid	19,460,479
	<u>19,460,479</u>

The Company does not have authorised share capital or par value in respect of its issued shares.

**E1 CAPITAL AND RESERVES (Continued)**

	<b>2017</b>
	<b>Shares</b>
<b>a. Share capital</b>	
Ordinary shares fully paid	20,001,000
	<b>2017</b>
	<b>\$</b>
<b>b. Movements in shares on issue</b>	
Balance at the beginning of the period	-
Ordinary shares issued on 28 September 2016 at \$1 per share	1,000
Ordinary shares issued on 4 May 2017 under the replacement prospectus	20,000,000
Share issue costs	(540,521)
Balance at the end of the period	<u>19,460,479</u>

Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognised as a deduction from equity.

Ordinary shares participate in dividends and the proceeds on winding-up of the Company in proportion to the number of shares held.

At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

**c. Options**

In accordance with the Company's replacement prospectus, a free attaching option was issued with each voting share issued under the replacement prospectus. The options are convertible into one ordinary share at an exercise price of \$1 per option, exercisable from the date of issue to 28 April 2020.

	<b>2017</b>
	<b>Options</b>
<b>d. Movements in options on issue</b>	
Balance at the beginning of the period	-
Options issued on 4 May 2017 under a replacement prospectus	20,000,000
Balance at the end of the period	<u>20,000,000</u>

**e. Capital management**

The directors do not intend to use borrowings thus only equity capital is employed in the operations of the Company.

Refer to the discussion of risk management measures used by the Manager to mitigate risks specific to the Company including market risk, credit risk and liquidity risk.

**F OTHER****F1. KEY MANAGEMENT PERSONNEL**

Short term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a legal obligation or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be measured reliably. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

Refer to the remuneration report contained in the directors' report for details of the remuneration paid or payable to each member of the Company's key management personnel (KMP) for the period ended 30 June 2017.

The total remuneration paid to KMP of the Company during the period is as follows:

	<b>28 Sep 2016 to 30 June 2017</b>
	<b>\$</b>
Short-term employee benefits and fees	27,525
Post-employment benefits	2,614
Total KMP compensation	<u>30,139</u>

**Short-term employee benefits and fees**

In accordance with an agreement reached with Directors, director's fees were payable once the Company commenced operations on 11 May 2017.

**F2. RELATED PARTY TRANSACTIONS**

All transactions with related parties are conducted on normal commercial terms and conditions, and include:

- (i) The compensation arrangements with the Chairperson and each of the Executive and Non-Executive Directors;
- (ii) The interest in the Company held directly and indirectly by the Chairperson and Executive Directors (refer to the Directors' Report for details of directors' holdings).

**Directors' remuneration**

The total Directors' remuneration paid or payable (including superannuation and superannuation equivalents) during the period was \$30,139.

**F3. CONTINGENT LIABILITIES**

The Company has no contingent liabilities at 30 June 2017.

**F4. AUDITORS REMUNERATION**

	<b>2017</b>
	<b>\$</b>
Auditors of the Company – KPMG	
Audit of financial statements	20,000
In relation to other assurance, taxation and due diligence services	-
	<u>20,000</u>

**F5. SUBSEQUENT EVENTS**

The directors are not aware of any significant events since the end of the reporting period.

**F6. SIGNIFICANT ACCOUNTING POLICIES**

Significant accounting policies have generally been included with the respective note disclosures. In addition to those disclosed previously, the below accounting policies are also considered significant to the Company, and the Company has consistently applied the following accounting policies to all periods presented in these financial statements.

**a) Foreign currency translation**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss as net foreign exchange gains/(losses).

Translation differences on financial assets and liabilities carried at fair value are reported as part of their fair value gain or loss.

**b) Trade and Other Payables**

All payables and trade creditors are recognised when the Company becomes liable. Payables are initially recognised at fair value and subsequently measured at amortised cost.

**c) New accounting standards for application in future periods**

Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet mandatory, and have not been early adopted by the Company for the annual reporting period ended 30 June 2017. The Company's assessment of the impact of the new or amended Accounting Standards and Interpretations, most relevant to the Company are discussed below:

**(i) AASB 15 Revenue from Contracts with Customers (AASB 15)**

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. AASB 15 is applicable for the 30 June 2019 financial statements. Early adoption is permitted but is not planned at this stage.

The Company is in the process of completing an initial impact assessment from the adoption of AASB 15. Revenue streams are being evaluated to assess the impact of AASB 15. The quantitative impact of the adoption of the new standard is not yet known, and cannot be reliably estimated.

**(ii) AASB 9 Financial Instruments (AASB 9)**

AASB 9 *Financial Instruments* (AASB 9) replaces AASB 139 and supercedes AASB 9 versions previously issued in December 2007 and December 2010. The new standard is effective for annual periods beginning on or after 1 January 2018 and applicable to the Company 1 July 2018.

The new standard includes a model for reclassification and measurement, a single for looking 'expected loss' impairment model and a reformed approach to hedge accounting. The Company has carried out a preliminary impact assessment of the new standard. No material impact is expected for the Company.



**F6. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(iii) AASB 16 Leases (AASB 16)**

AASB 16 introduces a single, on-balance lease sheet accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

The standard is applicable for the 30 June 2020 financial statements. Early adoption is permitted for entities that apply AASB 15 *Revenue from Contracts with Customers*, but is not planned at this stage.

The Company has started performing an initial impact assessment, so far, the Company does not expect any significant impact.

**(iv) AASB 2016-1 Recognition of Deferred Tax Assets for Unrealised losses (Amendments to AASB 112)**

The amendments clarify the accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value. The amendments are effective for annual periods beginning on or after 1 January 2017, with early adoption permitted. The Company is assessing the potential impact on its financial statements resulting from the amendments. So far, the Company does not expect any significant impact.

**(v) AASB 2016-2 Disclosure Initiative (Amendments to AASB 7)**

The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The amendments are effective for annual periods beginning on or after 1 January 2017, with early adoption permitted. To satisfy the new disclosure requirements, the Company intends to present a reconciliation between the opening and closing balances for liabilities with changes arising from financing activities.

**Benjamin Hornigold Ltd ACN 614 854 045**  
**DIRECTORS' DECLARATION**

1. In the opinion of the directors of Benjamin Hornigold Ltd ("the Company"):
  - (a) the financial statements and notes that are set out on pages 12 to 32 and the Remuneration report in pages 7 to 10 in the Directors' report, are in accordance with the Corporations Act 2001, including:
    - 1 giving a true and fair view of the Company's financial position as at 30 June 2017 and of its performance for the period ended on that date; and
    - 2 complying with Australian Accounting Standards and the Corporations Regulations 2001; and
  - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. The directors have been given the declarations required by S295A of the *Corporations Act 2001* from the Executive Chairman and Chief Financial Officer for the period ended 30 June 2017.
3. The directors draw attention to Note A2 to the financial statements, which includes a statement of compliance with International Financial Reporting Standards.



.....  
Stuart McAuliffe

Executive Chairman

Dated this 30<sup>th</sup> day of August 2017.



# Independent Auditor's Report

To the shareholders of Benjamin Hornigold Limited

## Report on the audit of the Financial Report

### Opinion

We have audited the **Financial Report** of Benjamin Hornigold Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Company's financial position as at 30 June 2017 and of its financial performance for the period ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Statement of financial position as at 30 June 2017
- Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, and Statement of Cash Flows for the period then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

### Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Company in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Report of the current period. One key audit matter has been identified in the audit of the Company.

This matter was addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

**Valuation of the derivative assets (\$7,976) and derivative liabilities (\$484,053)**

Refer to Note D1 to the Financial Report

The key audit matter	How the matter was addressed in our audit
<p>Derivative assets and liabilities are comprised of exchange traded futures.</p> <p>Valuation of investments in exchange traded derivatives is a key audit matter due to:</p> <ul style="list-style-type: none"> <li>- trading of these instruments to generate investment income and fair value gains represent the Company’s primary activity; and</li> <li>- the importance of the performance of these assets and liabilities in driving the Company’s investment income and capital performance, as reported in the financial report.</li> </ul> <p>As a result, valuation of these investments was a focus of our audit team.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> <li>- Checking the valuation of the investments, as recorded in the general ledger to externally quoted prices; and</li> <li>- Checking the ownership of the investments to broker statements to test existence of investments being valued.</li> </ul>

**Other Information**

Other Information is financial and non-financial information in Benjamin Hornigold Limited’s annual reporting which is provided in addition to the Financial Report and the Auditor’s Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor’s Report we have nothing to report.

## Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Company's ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_files/ar1.pdf](http://www.auasb.gov.au/auditors_files/ar1.pdf). This description forms part of our Auditor's Report.

## Report on the Remuneration Report

### Opinion

In our opinion, the Remuneration Report of Benjamin Hornigold Limited for the period ended 30 June 2017, complies with *Section 300A* of the *Corporations Act 2001*.

### Directors' responsibilities

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 responsibilities

We have audited the Remuneration Report included in pages 7 to 10 of the Directors' Report for the period ended 30 June 2017.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.



KPMG



Simon Crane  
Partner

Brisbane  
30 August 2017

**Benjamin Hornigold Ltd ACN 614 854 045**  
 Financial report for the period ended 30 June 2017  
 ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

The following information is current as at 22 August 2017

**1. Shareholding**

**a. Distribution of Shareholders and Optionholders**

Category (size of holding):	Number	
	Ordinary Shares	Ordinary Share Options
100,001 and over	21	25
10,001 – 100,000	342	313
5,001 – 10,000	180	145
1,001 – 5,000	262	217
1 – 1,000	24	1
	829	701

**b.** The number of shareholdings with less than marketable parcels is Nil.

**c.** The names of the substantial shareholders listed in the Company's register are:

**Shareholder:**

	Ordinary Shares	
	Number	%
Managed Accounts Holdings Limited and its wholly owned subsidiary Investment Management Services Pty Ltd.	1,166,596	5.83%

**d. Voting Rights**

Ordinary shares

- Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

Ordinary share options

- These options have no voting rights.

**Benjamin Hornigold Ltd ACN 614 854 045**  
**Financial report for the period ended 30 June 2017**  
**ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES**

**Shareholding (Continued)**

<b>e. 20 Largest Shareholders – Ordinary Shares</b>	<b>Number of</b>	<b>% Held of</b>
<b>Name</b>	<b>Shares</b>	<b>Shares</b>
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,754,771	8.77
BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD DRP	1,663,458	8.32
DYNASTY PEAK PTY LTD <THE AVOCA SUPER FUND A/C>	715,006	3.58
NILCOY PTY LTD <THE STUART FAMILY S/F A/C>	510,000	2.55
RAVENSWOOD SUPERANNUATION PTY LTD <THE GILBANK FAMILY SUPER A/C>	500,000	2.50
BALMORRELL PTY LTD <THE BALMORRELL A/C>	500,000	2.50
KNABLIG PTY LIMITED <THE GILBANK FAMILY A/C>	300,000	1.50
MR JOHN ALFRED CLAREBROUGH & MRS PAMELA JUDITH CLAREBROUGH <WARRAWEE SUPER FUND A/C>	275,000	1.38
D&G SPRALJA PTY LTD SPRALJA SUPERFUND NO. 2	255,000	1.28
VICTOR JOHN PLUMMER	255,000	1.28
MR PETER ALEXANDER BEVERIDGE & MRS ANNE JEAN BEVERIDGE <BEVERIDGE SUPER A/C>	225,000	1.13
RJ & BE HUNTER SUPERANNUATION HOLDINGS PTY LTD <RJ & BE HUNTER S/F A/C>	200,000	1.00
WELLINGTON CAPITAL PTY LTD <WELLINGTON INV FUND A/C>	200,000	1.00
MR VICTOR JOHN PLUMMER	200,000	1.00
VIETCH HARTLEY PTY LTD	179,000	0.90
KEARNEY HOLDINGS (QLD)PTY LTD <JA KEARNEY S/F A/C>	170,000	0.85
MOCKERIDGE SF PTY LTD <MOCKERIDGE SUPER FUND A/C>	160,000	0.80
PAVAO DAMJANOVIC DAMJANOVIC FAMILY	153,000	0.77
MAULANI PTY LTD MAULANI SUPER FUND	127,500	0.64
MAULANI PTY LTD <MAULANI SUPER A/C>	122,500	0.61
<b>Total</b>	<b>8,465,235</b>	<b>42.33</b>

<b>f. 20 Largest Holders – Ordinary Share Options</b>	<b>Number of</b>	<b>% Held of</b>
	<b>Options</b>	<b>Options</b>
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,748,570	8.74
BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD DRP	1,638,021	8.19
NILCOY PTY LTD <THE STUART FAMILY S/F A/C>	510,000	2.55
RAVENSWOOD SUPERANNUATION PTY LTD <THE GILBANK FAMILY SUPER A/C>	500,000	2.50
BALMORRELL PTY LTD <THE BALMORRELL A/C>	500,000	2.50
MR BEN KURT PIPER	326,500	1.63
KNABLIG PTY LIMITED <THE GILBANK FAMILY A/C>	300,000	1.50
MR JOHN ALFRED CLAREBROUGH & MRS PAMELA JUDITH CLAREBROUGH <WARRAWEE SUPER FUND A/C>	300,000	1.50
JOHN BRIDGEMAN LIMITED	263,500	1.32
VICTOR JOHN PLUMMER	255,000	1.28
D&G SPRALJA PTY LTD SPRALJA SUPERFUND NO. 2	255,000	1.28
MR PETER ALEXANDER BEVERIDGE & MRS ANNE JEAN BEVERIDGE <BEVERIDGE SUPER A/C>	250,000	1.25
MR MARK BUSKENS	227,519	1.14
MR GREGORY VINE	200,000	1.00
RJ & BE HUNTER SUPERANNUATION HOLDINGS PTY LTD <RJ & BE HUNTER S/F A/C>	200,000	1.00
C & A OAKLEY PTY LTD <C&A OAKLEY FAMILY A/C>	191,803	0.96
MR DAVID HEATH & MS PATRICIA JEFFERY <HEATH JEFFERY S/F A/C>	188,000	0.94
MOCKERIDGE SF PTY LTD <MOCKERIDGE SUPER FUND A/C>	160,000	0.80
PAVAO DAMJANOVIC DAMJANOVIC FAMILY	153,000	0.77
MR IVAN MAXWELL TREVASKIS & MRS HELEN ISOBEL TREVASKIS	150,000	0.75
<b>Total</b>	<b>8,316,913</b>	<b>41.6</b>



**Benjamin Hornigold Ltd ACN 614 854 045**  
**Financial report for the period ended 30 June 2017**  
**ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES**

- 2.** The name of the Company secretaries are Jody Wright and Kevin Mischewski.
- 3.** The address of the principal registered office in Australia is Level 9, 123 Eagle Street, Brisbane, QLD, 4000. Telephone 1300 155 396.
- 4.** Registers of securities are held at the following addresses:  
QLD Link Market Services, Level 15, 324 Queen Street, Brisbane, QLD, 4000.
- 5. Stock Exchange Listing**  
Quotation has been granted for all the ordinary shares and the ordinary share options of the Company on all Member Exchanges of the Australian Securities Exchange.

- 6. Investments**  
As at 30 June 2017 the Company held the following investments.

Initial margins in derivative positions in respect of:	\$	%
• Equity indices	2,868,849	82%
• Foreign currency (mainly USD paired)	638,248	18%
	3,507,097	100%

- 7. Transactions and management fees in respect of investments**  
Throughout the period there were 35,360 transactions in respect of securities.  
Brokerage totalled \$308,909.  
Management and performance fees totalled \$88,019.