BARTHOLOWMEW ROBERTS LIMITED
ACN 612 024 549

ANNUAL REPORT
FOR THE PERIOD FROM

22 APRIL 2016
TO
30 JUNE 2017

The Directors present their report together with the financial statements of Bartholomew Roberts Limited (the Company) for the financial period from incorporation on 22 April 2016 to 30 June 2017 and the auditor's report.

Directors

The following persons were Directors of the Company during or since the end of the financial period up to the date of this report:

John McAuliffe AM – Chairman and Non-Executive Director, appointed 22 April 2016

Stuart McAuliffe – Managing Director, appointed 22 April 2016

Rosario (Ross) Patane – Non-Executive Director, appointed 22 April 2016

Bryan Cook – Non-Executive Director, appointed 13 June 2016, resigned 7 September 2017

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

Information relating to Directors and Company Secretaries

John McAuliffe AM	–	Chairman and Non-Executive Director
Qualifications	–	AM; LAPI; FAIB; ACTCB Life Fellow of the Australian Institute of Valuers; Fellow of the Australian Institute of Building – Chartered Builder; Associate Papua New Guinea Institute of Valuers and Land Administrators; Registered Valuer, Queensland; Registered Valuer, Papua New Guinea; Associate Central Technical College Brisbane – Diploma in Building and Diploma in Quantity Surveying; and Member Real Estate Institute of Queensland.
Experience	–	John has had a long and distinguished career in both government and private sector roles. He has also lectured extensively at both the University of Queensland and the Queensland University of Technology in the areas of property valuation and surveying. John was awarded the Member of the Order of Australia in June 2007 for services to the community particularly through executive roles in the areas of health care, public housing management and to the property valuation industry.
Listed Company Directorships held	–	John has been Chairman and Non-Executive director of John Bridgeman Limited since 13 March 2015.
Interest in Shares and Options	–	John holds no shares or options.

Stuart McAuliffe	–	Managing Director
Qualifications	–	BA; MEd; Grad Dip Legal Studies
Experience	–	Stuart has over 25 years' experience investing in global equity, bond, currency and commodity markets. Stuart was previously 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, a Director of Henry Morgan Limited since 26 September 2014 and a Director of Benjamin Hornigold Ltd since 28 September 2016.
Interests in shares and Options	–	Stuart holds, or has interests in entities that hold, 1,000,000 options.

Rosario (Ross) Patane	–	Non-Executive Director
Qualifications	–	BBus, CA, MAICD; FFin
Experience	–	Ross is a chartered accountant with in excess of 25 years' experience in providing high level accounting related services. Ross is presently the

		Queensland Managing Principal of Crowe Horwath, a leading accounting and financial services business.
Listed Company Directorships held	–	Ross has been a Director of John Bridgeman Limited since March 2015.
Interest in Shares and Options	–	Ross holds no shares or options.

Bryan Cook	–	Non-Executive Director until his resignation on 7 September 2017
Qualifications	–	Advanced Diploma (Investigations), Licensed Investigator, Member of Consumer Affairs Professionals, Australian Human Resource Institute, Association of Child Protection Practioners (Qld), Institute of Public Administration Australia and Corruption Prevention Network Queensland.
Experience	–	Bryan has extensive experience in leadership and investigation. Prior to Risk & Security Management Limited Bryan was the Managing Director of Ashdale Workplace Solutions, and had extensive experience in investigation with the Queensland Police Service.
Listed Company Directorships held	–	Brian was a director of Benjamin Hornigold Ltd from 29 September 2016 until 15 February 2017
Interest in Shares and Options	–	Brian holds no shares or options.

Jody Wright	–	Company Secretary, appointed 14 July 2016
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.

Kevin Mischewski	–	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:

	Board of Directors	
	Number eligible to attend	**Number attended**
Stuart McAuliffe	2	2
John McAuliffe	2	2
Ross Patane	2	-
Bryan Cook	1	1

Operating and financial review

Principal activities

The Company is an Investment Company (IC) providing investors with the opportunity to gain exposure to an investment portfolio which is actively managed. The investment portfolio is invested in unlisted securities with the aim of achieving above average returns (whilst limiting volatility) over the medium to long term.

Business model and objectives

The Company aims to deliver shareholder returns by providing an actively managed portfolio with diversification across industries. John Bridgeman Limited has been appointed Investment Manager under a Management Services Agreement (MSA) and charges management and performance fees to the Company in accordance with the MSA. The Investment Manager focuses on identifying and capitalising on opportunities which the Investment Manager believes are undervalued and provide growth potential. This approach is supported by detailed analysis using the Investment Manager's conviction matrix.

Operating results

The following table shows a summary of financial highlights:

	2017
	$
Profit before tax	26,045,826
Net profit after tax	18,109,226
Net investment gains	31,291,144
Management and performance fees paid	(6,718,843)
Dividends paid	-
Return on average capital employed	289%

The net profit after tax for the Company amounted to $18,109,226, including net gain on financial instruments of $31,291,144, of which $16,080,285 was unrealised, and management and performance fee expense of $6,718,843. The tax expense associated with the profit was $7,936,600.

During the period, the Company's investment in JB Financial Group Ltd (JBFG) required revaluation of the carrying value to reflect changes in its fair value. The investment was revalued by $16,080,285 from cost of $32,706,983 to fair value of $48,787,268.

Review of operations

The Company commenced operations in April 2016 with $1,000,000 in share capital. The investment portfolio benefitted from increases in the fair value of assets in which the Company has invested. The period ended 30 June 2017 was the Company's first in operation.

Changes in Equity

During the period, the Company issued a total of 3,016,212 shares and 1,000,000 options as follows;

- the Company issued 788,596 shares to the Investment Manager consisting of 147,417 shares at $1.00, 100,000 shares at $4.00, 214,444 shares at $9.00 per share and 326,735 shares at $9.90 per share. The Investment Manager held 44.53% of the issued shares in the Company at 30 June 2017 and included the Company in its financial statements.
- the Company issued a further 2,227,616 to other investors consisting of 1,930,000 shares at $1.00, 55,556 shares at $9.00, and 242,060 shares at $9.90 per share. These included 1,497,616 shares issued to Henry Morgan Limited which held 37.29% of the issued shares in the Company at 30 June 2017.
- on 21 June 2016 the Company issued 1,000,000 options over ordinary shares to the Managing Director as remuneration. The options have a strike price of $1.00 and are exercisable at any time up to the expiry date. The fair value of the options has been determined at $125,000 in accordance with Australian Accounting Standards and recognised as an expense in the period.

Significant movements in investments

The Company undertook the following significant investment transactions during the period:

- on 21 June 2016 the Company was an initial investor in Risk and Security Management Ltd (R&S) holding 1,800,000 shares (60%) at cost of $1,800,000. During the period the Company increased its holding to 10,511,113 shares, increasing its total cost to $12,530,837. On 5 June 2017 the Company exchanged all of its shares in R&S for consideration consisting of 4,027,844 shares in JB Financial Group Ltd valued at $24,730,962, recording a gain on disposal of $12,200,125.
- following the above share exchange the Company's investment in JBFG consisted of 8,845,071 shares at cost of $32,706,983. As noted under Operating Results above, the Company subsequently revalued its shareholding in JBFG from $32,706,983 to $48,787,268 recording an unrealised gain of $16,080,285.
- during the period BRL acquired 24% of the issued shares in Advance Group Holdings Pty Ltd (AGH) for a total investment of $1,000,000. On 11 May 2017 R&S acquired 100% of the issued shares in Advance Group Holdings Pty Ltd (AGH), including 24% from BRL. Consideration for the acquisition of BRL's shares in AGH was 1,836,113 shares in R&S valued at $2.10 per share ($3,855,837). BRL recorded a realised gain of $2,855,837 on the transaction.
- the Company also invested $1,200 for 100% of JR Restaurants Australia Pty Ltd, $50 for 50% of Growth Point Capital Ltd and $100 for 100% of Birdzz Pty Ltd.

Significant changes in state of affairs

Other than the changes noted above, there were no significant changes in the state of affairs of the Company during the period.

Events after the reporting period

Other than the following, 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.

The Company, pursuant to loan agreements, received $3,000,000 in cash from JBL on the 3 July 2017 and a further $400,000 on 12 July 2017. A maturity date of one year from the advance date and a 5% pa interest applies.

The Company settled a $3,400,000 payable owing to R&S for share subscriptions; paying in cash $3,000,000 on 3 July 2017 and a further $400,000 on 12 July 2017.

On 3 July 2017, pursuant to a loan agreement entered into on the 24 May 2017, the Company loaned $400,000 to JRR, which was funded by JBL. A maturity date of one year from the advance date and a 9.65% pa interest applies to both the loan from JBL and to JRR.

On 26 October 2017, JBL advanced $199,999 to the Company which on the same date was advanced to JRR. A maturity date of one year from the advance date and a 9.65% pa interest applies to both the loan from JBL and to JRR.

On 17 November 2017, the Company entered into a share exchange agreement with JBFG, pursuant to which the Company transferred their shares in GPC to JBFG, in return for 10 shares in JBFG issued at $7.90 per share, for a total consideration of $79. A gain on sale of $29 will be recognised for this transaction.

On 24 November 2017, JBL advanced $1,800,000 to the Company. A maturity date of one year from the advance date and a 9.65% pa interest applies and may be converted to shares in the Company at an agreed or market price. These funds were subsequently used on 28 November 2017 to pay amounts owing to JBFG at 30 June 2017. It should also be noted that since 30 June 2017, the other amounts owing to JBFG has been offset against amounts receivable from JBFG.

On 28 November 2017, JBL provided a letter of subordination for $13,300,000, representing the amount payable to JBL as at 30 June 2017 ($7,684,882) and amounts advanced to the Company from JBL since year end. In the letter, the directors of JBL advise that demand for repayment of amounts owing will not be called before 31 December 2018, if such a request would cause the Company to be unable to settle its liabilities to other parties when they fall due.

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 will continue to pursue its policy of operating as an Investment Company that invests in private equity placements with the aim of achieving above average returns over the medium to long term.

Further information about the likely developments in the investments of 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 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.

Shares under option

At the date of this report, there are options issued in respect of 1,000,000 unissued ordinary shares of Bartholomew Roberts Limited. The options are exercisable at $1 on or before 22 April 2021 (expiry date). The options do not entitle the holder to participate in any share issue of the Company or any other body corporate.

During or since the end of the period, there were no ordinary shares issued as a result of the exercise of options.

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

There were no fees were paid or payable to KPMG for non-audit services provided 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 end of the previous financial period.

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 7 of the financial report.

Rounding off

The Company is a company of a kind referred to in ASIC Corporations Instrument 2016/191 dated 24 March 2016, in accordance with that instrument, amounts in this financial report and Directors' report have been rounded to the nearest dollar, unless otherwise stated.

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

Mr Stuart McAuliffe, Managing Director

Dated: 29 November 2017

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

To the Directors of Bartholomew Roberts Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Bartholomew Roberts 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
29 November 2017

TABLE OF CONTENTS

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD FROM 22 APRIL 2016 TO 30 JUNE 2017

	Note	22 April 2016 to 30 June 2017 $
Revenue		
Net gain on financial instruments at fair value through profit or loss	B1	31,291,144
Interest income	B1	102,536
Dividend income	B1	53,394
Consultancy income	B1	2,127,273
Total revenue		33,574,347
Expenses		
Management and performance fees	B2	(6,718,843)
Professional services fees		(65,451)
Options issued to Director		(125,000)
Impairment expense	G2	(334,311)
Other expenses		(284,916)
Total expenses		(7,528,521)
Profit before income tax		26,045,826
Income tax expense	B3	(7,936,600)
Net profit for the period		18,109,226
Other comprehensive income		
Other comprehensive income for the period		-
Total comprehensive income for the period attributable to members of the Company		18,109,226

The accompanying notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

	Note	2017
		$
ASSETS		
Cash and cash equivalents	C1	54,241
Receivables	C2	2,754,703
Term deposits		20,396
Property, plant and equipment		1,908
Investments held at fair value	D1	48,788,618
TOTAL ASSETS		51,619,866
LIABILITIES		
Payables	C3	12,944,512
Borrowings	C4	966,040
Deferred tax liabilities	B3	7,936,600
TOTAL LIABILITIES		21,847,152
NET ASSETS		29,772,714
EQUITY		
Share capital	E1	11,538,488
Reserve	G2	125,000
Retained earnings	E1	18,109,226
TOTAL EQUITY		29,772,714

The accompanying notes form part of these financial statements.

STATEMENT CHANGES IN EQUITY FOR THE PERIOD FROM 22 APRIL 2016 TO 30 JUNE 2017

	Note	Share capital	Retained earnings	Employee equity-based option reserve	Total
		$	$	$	$
Balance at 22 April 2016		-	-	-	-
Comprehensive income					
Profit for the period		-	18,109,226	-	18,109,226
Other comprehensive income for the period		-	-	-	-
Total comprehensive loss for the period		-	18,109,226	-	18,109,226
Transactions with owners, in their capacity as owners, and other transfers					
Issue of share capital	E1	11,538,488	-	-	11,538,488
Share based payments	G1	-	-	125,000	125,000
Total transactions with owners, in their capacity as owners, and other transfers		11,538,488	-	125,000	11,663,488
Balance at 30 June 2017		11,538,488	18,109,226	125,000	29,772,714

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE PERIOD FROM 22 APRIL 2016 TO 30 JUNE 2017

	Note	22 April 2016 to 30 June 2017 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Dividends received		49,089
Interest received		397
Payments for investments		(2,999,998)
Proceeds from sale of investments		180,317
Payments for operating and administrative expenses		(307,834)
Net cash used in operating activities	C1	(3,078,029)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for loans and advances to related parties		(3,495,424)
Repayments received for loans and advances to related parties		200,000
Payment for purchase of financial assets (term deposit)		(20,396)
Payments for property, plant and equipment		(1,908)
Net cash used in financing activities		(3,317,728)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares		3,199,998
Proceeds from borrowings		3,250,000
Net cash provided by financing activities		6,449,998
Net increase in cash and cash equivalents		54,241
Cash and cash equivalents at beginning of period		-
Cash and cash equivalents at end of the period	C1	54,241

The accompanying notes form part of these financial statements.

A ABOUT THIS REPORT

A1. REPORTING ENTITY

Bartholomew Roberts Limited (the 'Company') is an unlisted investment company domiciled in Australia. Its registered office is at Level 9, 123 Eagle Street, Brisbane, Queensland. At 30 June 2017, 44.53% of the shares on issue in the Company were held by John Bridgeman Limited (the Investment Manager). The Investment Manager is considered to be the ultimate holding company.

The Company was established to invest primarily in alternative investments with the purpose of receiving investment income.

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 the Investment Manager.

As the Company was incorporated on 22 April 2016, these financial statements cover the period from 22 April 2016 to 30 June 2017. These financial statements as at and for the period ended 30 June 2017 comprise the Company only as it is an investment entity.

The financial statements were authorised for issue by the Board of Directors on 29 November 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 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.

Going Concern

Going Concern

The Company's financial statements have been prepared on a going concern basis, which assumes the realisation of assets and settlement of liabilities in the ordinary course of business. At 30 June 2017, the Company had a net working capital deficiency of $11,101,608.

To ensure the business continues to trade as a going concern, the Company has prepared cash flow forecasts, which assume the realisation of cash from the sale of investments, and have received a letter of subordination from John Bridgeman Limited (JBL), the Investment Manager, for $13,300,000. The amount subordinated represents the amount payable to JBL at 30 June 2017 ($7,684,882) plus amounts advanced to the Company since year end. In the letter, the JBL directors advise that demand for repayment of amounts owing will not be called before 31 December 2018, if such a request would result in the Company being unable to pay its debts as and when they fall due.

As disclosed in Note G5, payables to JB Financial Group Limited have been repaid in full.

The Directors consider the going concern basis of preparation to be appropriate based on the letter of subordination and cash flow forecasts. Should these financial assets not be realised during the 12-month period, the Company will have to identify further funding either through issuance of debt or equity.

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 D1.

Determining the fair value of shares in unlisted entities

During the period, the Company's investment in JB Financial Group Ltd (JBFG) required revaluation of the carrying value to reflect changes in its fair value. The investment was revalued by $16,080,285 from cost of $32,706,983 to fair value of $48,787,268. Other unlisted investments, having been recently acquired and/ or there being no indication of a change in their value, are carried at cost.

A number of different valuation models were considered in respect of the adjustment to the carrying value of the JBFG securities. The valuation methodology which the Company applied was a multiple of forward-looking price-earnings ("P/E Multiple"). The P/E Multiple valuation approach is a common valuation technique employed in Australia for both listed and unlisted securities. The P/E Multiple valuation approach is commonly used by major broking firms and investment banks to provide a robust assessment of value.

The fair value of this investment has been determined by the application of a multiple of 14.9 times to the JBL management forecasts of earnings for the financial year ending 30 June 2018. Market data was used to determine the appropriate P/E multiple, however, given JBFG's unique investment profile there is not one clearly comparable individual or group of companies. Accordingly, a number of companies from a range of industries, which are considered by management to be peers of JBFG's businesses, were assessed in aggregate in determining the aforementioned 14.9 P/E multiple.

The Directors believe that the valuation approach adopted to determine the value of this unlisted investment at 30 June 2017 is appropriate. The Directors also note that share issues to third parties in recent arm's length transactions have taken place at prices reflecting valuations in excess of the 14.9 P/E multiple employed in determining the carrying value of this investment at 30 June 2017.

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 and on sale of investments will be recognised in the statement of profit or loss and other comprehensive income in the year in which they arise.
- **Interest income** – interest income is recognised as it accrues, taking into account the effective yield on the financial asset.
- **Other income** – other revenue 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.
- **Consultancy income** – consultancy income is recognised when the consultancy services have been delivered.

	22 April 2016 to 30 June 2017 $
Net gain on financial instruments at fair value through profit of loss:	
Net realised gains/(losses)	15,210,859
Net unrealised gains/(losses)	16,080,285
	31,291,144
Interest income	102,536
Dividend income	53,394
Consulting income	2,127,273
	33,574,347

B2. MANAGEMENT AND PERFORMANCE FEES

In accordance with the Management Services Agreement ("MSA") dated 21 June 2016, the Investment Manager, after the Company achieves capitalisation of $20 million, is entitled to a management fee of 2.0% per annum (plus GST) calculated and paid monthly in arrears based on the net tangible assets of the Company; and a performance fee paid quarterly in arrears. The terms of the performance fee are 23% of the investment return at the end of the last day of the relevant quarter.

Investment return is defined as the percentage by which the mark to market value at the end of the last day of the relevant quarter exceeds the mark to market value at the end of the last day of the quarter immediately prior to the relevant quarter, excluding any additions to or reductions in equity in the Company during the relevant quarter including dividend reinvestments, new issues, the exercise of share options share buy backs and payment of dividends.

The management fee was charged for the first time in relation to the quarter ended 30 June 2017. The Investment Manager has charged management fees of $161,123 and performance fees of $6,557,720 including GST during the period.

The Company has appointed the Investment Manager for an initial term of five years unless terminated earlier in accordance with the terms of the MSA. After the initial five-year term, the Company at a general meeting may resolve by ordinary resolution to terminate the MSA on three months' notice after the resolution is passed, or for the MSA to be extended in accordance with its terms. If the MSA is terminated without cause, the Investment Manager is entitled to a termination payment. The termination payment will be equal to 5% of the NTA 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 NTA 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 by the Investment Manager under the MSA.

B3. INCOME TAX

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

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

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

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

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the year 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 years in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Income tax	**22 April 2016 to 30 June 2017 $**
Tax expense	
Current tax	-
Deferred tax	7,936,600
Income tax expense	7,936,600
Numerical reconciliation between income tax and result before tax	
Profit before tax	26,045,826
Income tax using domestic corporate tax rate 30%	7,813,748
Increase in income tax expense due to:	
Non-deductible expenses	138,870
Franking credit	(16,018)
Income tax expense / (benefit)	7,936,600

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 figure in the statement of financial position is comprised of:

Deferred tax assets / (liabilities)	**2017 $**
Unrealised gains on financial assets	(9,340,874)
Receivables	(20,339)
Payables	33,312
Tax losses	1,391,301
Deferred tax liabilities	(7,936,600)

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.

		Note	2017 $
a.	Components of cash and cash equivalents		
	Cash at bank		54,241
b.	Reconciliation of profit after income tax to net cash inflow/(outflow) from operating activities		
	Profit after income tax		18,109,226
	Adjustments for:		
	Unrealised gain on investments		(16,080,285)
	Realised gain on non-cash sale of investments		(15,055,962)
	Consultancy services settled in shares		(2,127,273)
	Share-based payments		125,000
			(15,029,294)
	Changes in:		
	Trade and other receivables		2,171,573
	Trade and other payables		4,720,676
	Increase in investments held at fair-value		(2,877,584)
	Deferred tax liability		7,936,600
	Net cash used in operating activities		(3,078,029)

c. Non-cash Financing and Investing Activities:

During the period, 1,000,000 share options in Bartholomew Roberts Limited were granted to the Managing Director. The value of these options has been determined using the Monte Carlo valuation methodology at $125,000. These options were expensed in the period and recorded in the options reserve.

On 8 July 2016 the Company loaned $900,000 to Mr Bryan Cook, a Director of Risk and Security Management Ltd (R&S). The loan was secured against 600,000 of Mr Cook's shares in R&S. On 1 March 2017 the Company accepted Mr Cook's 600,000 shares in R&S as settlement of the loan, being a total consideration of $600,000. A loss of $334,311 was recognised on the transaction.

On 11 May 2017, the Company sold its 25% interest in Advance Group Holdings Pty Ltd (AGH) and received consideration in the form of 1,836,113 shares in Risk & Security Management Ltd (R&S) valued at $3,855,837. A gain of $2,855,837 was recognised on the transaction.

On 5 June 2017, the Company sold its 62% interest in R&S and received consideration in the form of 4,027,844 shares in JB Financial Group Ltd (JBFG) valued at $24,730,962. A gain of $12,200,125 was recognised on the transaction.

C2. 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.

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

	2017
Current	**$**
Loans and advances to related parties	2,749,374
Receivable from related party	4,305
Sundry receivables	1,024
	2,754,703

Particulars of amounts receivable from related parties are included in Note G2.

C3. PAYABLES

All payables and trade creditors are recognised when the Company becomes liable.

	2017
Current	**$**
Management and performance fees due to the Investment Manager	6,718,843
Share application money payable to related parties	5,966,712
Trade and other payables	258,957
	12,944,512

Particulars of amounts payable to related parties are included in Note G2.

C4. BORROWINGS

	2017
Current	**$**
Loan from the Investment Manager, at call	966,040

Particulars of amounts payable to related parties are included in Note G2.

D FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

D1. FINANCIAL INSTRUMENTS

a) 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.

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 for its consideration and approval.

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 – a) (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**
Financial assets measured at fair value								
Unlisted shares	48,788,618	-	-	48,788,618	-	-	48,788,618	48,788,618

Financial asset and liabilities not measured at fair value

For cash, term deposits, receivables, trade and other payables and borrowings, given the short term nature the carrying amount approximates the fair value.

During the period, $1,350 has been invested into three privately held entities classified as level 3 assets. Those investments are included in this report at their cost. No fair value gains or losses on these investments have been recognised in the period to 30 June 2017. The unlisted investments were all acquired between 7 July 2016 and 31 May 2017. As the transactions occurred recently, and there have been no significant changes in the business, the cost of investments is considered to be the most appropriate basis for assessing fair value.

b) Measurement of fair values

i. Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 3 fair values for financial instruments measured at fair value in the statement of financial position, together with the significant unobservable inputs used in the measurement of their fair value.

Type	**Valuation technique**	**Significant unobservable inputs**	**Inter-relationship between significant unobservable inputs and fair value measurement**
Unlisted shares	1. For investments recently acquired, or where there is no indication of a material change in the value of the investment, the investments are carried at cost.		
	2. Market comparison technique – Valuation model based on market multiples derived from quoted prices of companies comparable to the investee entity and the expected earnings of the investee entity.	- Forecast earnings. - Market multiple of 14.9 times.	The estimated fair value would increase (decrease) if: - The forecast earnings were higher (lower); or - The market multiple was higher (lower)

D1. FINANCIAL INSTRUMENTS – a) (Continued)

ii. Reconciliation of Level 3 fair values

The following table shows a reconciliation of the opening balances to the closing balances for Level 3 fair values.

	2017 $
Balance at 22 April 2016	-
Purchases	46,239,170
Disposal	(13,530,837)
Revaluation (unrealised)	16,080,285
Balance at 30 June 2017	48,788,618

iii. Transfers out of Level 3

No financial instruments were transferred out of level 3 during the period.

iv. Sensitivity analysis

For Level 3 fair values, reasonably possible changes in the significant unobservable inputs would have the following effects.

	2017 $ Increase	 Decrease
Forecast earnings (5% movement)	2,439,498	(2,439,498)
Earnings multiple (15% movement)	7,318,495	(7,318,495)

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

The Investment Manager is required to act in accordance with the MSA and to report to the Board regularly on the portfolio's performance, material actions of the Investment Manager during the quarter and an explanation of the Investment Manager's material proposed actions for the upcoming quarter. The Investment 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 oversight and management of the Company's risk management program has been conferred upon the Board of Directors. The Board is responsible for reviewing that the Company maintains effective risk management and internal control systems and processes.

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, and equity prices.

The Company is predominantly exposed to market risk from its investment activities. The exposure arises from investing in unlisted shares. The Company seeks to reduce the risk through a number of measures including diversifying across different entities to reflect the Company's assessment of volatility risk. The Company's market risk is managed on a regular basis by the Investment Manager in accordance with the policies and procedures in place.

(i) *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 following table summarises the Company's exposure to interest rate risk at the reporting date:

D2 FINANCIAL RISK MANAGEMENT a) Market Risk (Continued)

	Non-interest bearing	Floating interest rate	Fixed interest rate	Total
	$	$	$	$
2017				
Financial Assets				
Cash and cash equivalents	54,241	-	-	54,241
Term deposit	20,396	-	-	20,396
Receivables	79,229	-	2,675,473	2,754,702
	153,866	-	2,675,473	2,829,339
Financial Liabilities				
Borrowings	-	-	966,040	966,040
Payables	12,944,512	-	-	12,944,512
	12,944,512	-	966,040	13,910,552

Interest rate risk sensitivity analysis

A change in interest rates applicable at the reporting date would not have affected the Company's profit or net assets as these are either non-interest bearing or have fixed interest rates.

Maturity analysis

Cash and cash equivalents are at call. Term deposits have a maturity of greater than 3 months and less than one year.

(ii) *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 equity investments.

The Investment Manager's investment decision process is fundamental to the management of price risk. The Investment 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 Investment Manager seeks to constrain price risk by diversification of the investment portfolio across multiple investments and industry sectors.

Price risk sensitivity analysis

An increase of 15% in market prices applicable at the reporting date would have increased the Company's profit and net assets by $7,318,293. A decrease of 15% 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 carrying amount of financial assets represents the maximum credit exposure.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each counterparty as follows.

	2017
	$
Cash and cash equivalents	54,241
Term deposits	20,396
Receivables	2,754,703
	2,829,340

Cash and cash equivalents and term deposits are held with highly rated Australian retail banks (AA-). At 30 June 2017, no receivables were past due or impaired.

D2 FINANCIAL RISK MANAGEMENT (Continued)

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:

	Carrying amount	Contractual cash flow	At call	6 months or less
	$	$	$	$
30 June 2017				
Non-derivative financial liabilities				
Payables	12,944,512	12,944,512	12,686,596	257,916
Borrowings	966,040	967,026	-	967,026
Total	13,910,552	13,911,538	12,686,596	1,224,942

The Company's approach to managing liquidity risk is to ensure it has sufficient liquidity to meet these liabilities. Subsequent to year-end, the Investment Manager provided a letter of subordination to ensure that the Company continues as a going concern (refer to note A2). The majority ($6,718,843) of payables and borrowings ($966,040) are due to the Investment Manager.

E CAPITAL STRUCTURE AND FINANCING

E1. CAPITAL AND RESERVES

	Note	2017 Shares
Ordinary shares		4,016,212

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

		2017	
a.	**Share capital**	**Shares**	**$**
	Ordinary shares fully paid	4,016,212	11,538,488
b.	**Movements in shares on issue**		
	Balance at the beginning of the period	-	-
	Ordinary shares issued on:		
	22 April 2016	1,000,000	1,000,000
	13 October 2016	2,077,417	2,077,417
	1 November 2016	100,000	400,000
	19 December 2016	55,556	500,000
	30 December 2016	214,444	1,930,000
	17 May 2017	326,735	3,234,677
	25 May 2017	242,060	2,396,394
	Balance at the end of the period	4,016,212	11,538,488

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**

On 21 June 2016, 1,000,000 options were issued with an exercise price of $1 per option to the Managing Director of the Investment Manager. These options are exercisable on or before 22 April 2021. At 30 June 2017 all remained outstanding.

		2017
d.	**Movements in options on issue**	**Options**
	Balance at the beginning of the period	-
	Options issued on 21 June 2016 to the Managing Director of the Investment Manager	1,000,000
	Balance at the end of the period	1,000,000

e. **Capital management**

The Company's capital consists of ordinary share capital. The Company is not subject to any externally imposed capital requirements. . Management effectively manages the Company's capital by assessing the Company's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

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

f. **Employee equity-based option reserve**

The employee equity based payment reserve records items recognised as expenses on valuation of employee share options.

F INVESTMENT STRUCTURE

F1. LIST OF INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OF LOSS

As an investment entity, the Company is required to value investees at fair value through profit or loss, as opposed to applying consolidation. The Company's investments as at 30 June 2017 are set out below. The principal place of business is also the country of incorporation or registration.

Name	Principal place of business	Ownership interest
JB Financial Group Ltd	Australia	35%
JR Restaurants Australia Pty Ltd	Australia	100%
Growth Point Capital Pty Ltd	Australia	50%
Birdzz Pty Ltd	Australia	100%

G OTHER

G1. KEY MANAGEMENT PERSONNEL COMPENSATION

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.

The KMP consist of the Directors. Total remuneration paid to KMP of the Company during the period is as follows:

	2017 $
Share-based payments	125,000

Other than the options issued to the Managing Director, the KMP, which consists only of the Directors: Stuart McAuliffe, John McAuliffe AM, Rosario Patane and past Director Bryan Cook, do not receive remuneration from the Company. Three of the current Directors are also Directors of the Investment Manager and are remunerated by the Investment Manager which benefits from performance of the Company by way of management and performance fees.

G2. RELATED PARTY TRANSACTIONS

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

(i) The management fee and performance fee to be paid to the Investment Manager (refer to Note B2).

(ii) The compensation arrangements with the Managing Director (refer to Note G1);

(iii) The interest in shares and options in the Company held directly and indirectly by the Managing Director and the Investment Manager;

(iv) Various loans, agreements and equity transactions occurred between associated entities on normal arm's length commercial terms.

(v) The Company provided consulting services of $2,127,273 to R&S in exchange for 2,127,273 shares in R&S.

(vi) At 30 June 2017 the following amounts were payable to related parties by the Company:

- $7,684,882 payable to the Investment Manager, including $6,718,843 for management and performance fees. The amount was current and not interest bearing.
- $5,966,712 payable in respect of share applications in related parties, including $2,546,443 to JBFG and $3,400,000 to JBFG subsidiary R&S. The amount was current and not interest bearing.
- $966,040 payable to the Investment Manager in respect of an advance of $900,000 plus accrued interest. The advance was current, bears interest of 5% and may be converted to equity at the discretion of the lender.

(vii) At 30 June 2017 $2,753,679 was receivable from investees ($2,709,374) and investees' subsidiaries ($44,305), including $2,675,474 interest bearing advances and $78,205 non-interest bearing amounts. All receivables were current.

The Company was established by the Investment Manager, which holds a 44.53% share in the Company. As the largest shareholder, and the Investment Manager, they are able to exercise control, as such they are the ultimate parent of the Company. On 28 November 2017, the Investment Manager provided a letter of subordination to the Company to ensure the Company has sufficient liquidity (refer to note A2).

Other related party transactions

Upon incorporation on 22 April 2016 and during the period the Company issued a total of 1,788,596 fully paid ordinary shares to the Investment Manager for $6,712, 094 including 1,147,417 at $1.00, 100,000 at $4.00, 214,444 at $9.00 and 326,735 at $9.90.

On 8 July 2016 the Company loaned $900,000 to Mr Bryan Cook, a Director of Risk & Security Management, in which the Company had invested. The loan was secured against 600,000 of Mr Cook's shares in R&S. On 1 March 2017 the Company accepted Mr Cooks 600,000 shares in R&S valued at $600,000 as settlement of the loan plus accrued interest. A loss of $334,311 was recognised on the transaction.

On 11 May 2017, the Company sold its 24% investment in Advance Group Holdings Pty Ltd (AGH) and received consideration in the form of 1,836,113 shares in R&S valued at $3,855,837. The Company recorded a gain of $2,855,837 on the transaction.

On 5 June 2017, the Company sold its 62% interest in R&S and received consideration in the form of 4,027,844 shares in JB Financial Group Ltd (JBFG) valued at $24,730,962, recording a gain of $12,200,125. At 30 June 2017 the Company had an investment of approximately 35% in JBFG.

G3. CONTINGENT LIABILITIES

The Company has no contingent liabilities at 30 June 2017.

G4. AUDITORS REMUNERATION

	2017 $
Auditors of the Company - KPMG	
Audit and review of financial statements	45,000

G5. SUBSEQUENT EVENTS

Other than the following, the directors are not aware of any significant events since the end of the period.

The Company, pursuant to loan agreements, received $3,000,000 in cash from JBL on 3 July 2017 and a further $400,000 on 12 July 2017. A maturity date of one year from the advance date and a 5% pa interest applies.

The Company settled a $3,400,000 payable owing to R&S for share subscriptions; paying in cash $3,000,000 on 3 July 2017 and a further $400,000 on 12 July 2017.

On 3 July 2017, pursuant to a loan agreement entered into on the 24 May 2017, the Company loaned $400,000 to JRR, which was funded by JBL. A maturity date of one year from the advance date and a 9.65% pa interest applies to both the loan from JBL and to JRR.

On 26 October 2017, JBL advanced $199,999 to the Company which on the same date was advanced to JRR. A maturity date of one year from the advance date and a 9.65% pa interest applies to both the loan from JBL and to JRR.

On 17 November 2017, the Company entered into a share exchange agreement with JBFG, pursuant to which the Company transferred their shares in GPC to JBFG, in return for 10 shares in JBFG issued at $7.90 per share, for a total consideration of $79. A gain on sale of $29 will be recognised for this transaction.

On 24 November 2017, JBL advanced $1,800,000 to the Company. A maturity date of one year from the advance date and a 9.65% pa interest applies and may be converted to shares in the Company at an agreed or market price. These funds were subsequently used on 28 November 2017 to pay amounts owing to JBFG at 30 June 2017. It should also be noted that since 30 June 2017, the other amounts owing to JBFG has been offset against amounts receivable from JBFG.

On 28 November 2017, the Investment Manager provided a letter of subordination to the Company committing repayment of amounts owing will not be called before 31 December 2018 (refer to note A2).

G6. SIGNIFICANT ACCOUNTING POLICIES & NEW ACCOUNTING STANDARDS

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 supersedes 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 from 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 quantitative impact of the adoption of the new standard is not yet known, and cannot be reliably estimated.

(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) AABS 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.

DIRECTORS' DECLARATION

1. In the opinion of the Directors of Bartholomew Roberts Limited ("the Company"):
   - (a) the financial statements and notes that are set out on pages 9 to 28 are 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 2017 and of the performance for the period ended on that date; and
     - (ii) 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 draw attention to A2 to the financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Director

………

Mr Stuart McAuliffe

Dated this 29 November 2017.

Independent Auditor's Report

To the shareholders of Bartholomew Roberts Limited

Opinion

We have audited the ***Financial Report*** of Bartholomew Roberts 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.

Other Information

Other Information is financial and non-financial information in Bartholomew Roberts 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.

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/ar3.pdf. This description forms part of our Auditor's Report.

KPMG

KPMG

Simon Crane
Partner

Brisbane
29 November 2017