

Henry Morgan Limited
Appendix 4E
Preliminary final report

1. Company details

Name of entity:	Henry Morgan Limited
ACN:	602 041 770
Reporting period:	For the financial year ended 30 June 2018
Previous period:	For the financial year ended 30 June 2017

2. Results for announcement to the market

			\$
2.1 Revenues from ordinary activities	down	116.9% to	(6,946,096)
2.2 Loss from ordinary activities after tax attributable to the owners of Henry Morgan Limited	down	144.5% to	(9,419,675)
2.3 Loss for the year attributable to the owners of Henry Morgan Limited	down	144.5% to	(9,419,675)
2.4 There were no dividends paid, recommended or declared during the current financial period. It is not proposed to pay a dividend at this time.			

Comments

The loss for the Company after providing for income tax amounted to \$9,419,675 (30 June 2017: profit of \$21,146,553).

3. Statement of Comprehensive Income – attached

4. Statement of Financial Position – attached

5. Statement of Cashflows – attached

6. Statement of changes in equity – attached

7. Dividend payments – refer 2.4 above

8. Dividend reinvestment plan – not applicable at this time as no dividends are currently payable.

9. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>124.79</u>	<u>155.57</u>

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10. Control gained / lost over entities - Not applicable.

11. Details of associates and joint venture entities - Not applicable.

12. Other significant information

12.1 Securities suspended from quotation

Trading in the Company's securities on the Australian Securities Exchange ("ASX") was voluntarily suspended by the Company on 8 June 2017 in order to avoid the market trading on an uninformed basis pending resolution with ASIC of certain matters concerning the Company's prospectus dated 2 June 2017 for the issue of bonus options. Those matters with ASIC have been resolved.

In relation to the continuing suspension of trading in the Company's securities, the ASX has indicated that it will not lift the suspension at this time, pending their further queries. However, ASX is currently unable to either specify the nature of their further queries or the estimated date by which Henry Morgan will receive these queries.

The Company is taking every reasonable step to have this suspension lifted, and is ensuring that it is doing all things lawfully required to enable this to happen for the benefit of shareholders.

Further information is available in the announcements made by the Company to the ASX which can be accessed at <https://henrymorgan.com.au/investor-centre/announcements.html>

13. Foreign entities – not applicable

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14. Commentary on results for the period

	Cents
14.1 Earnings per share	
Basic earnings per share	(30.77)
Diluted earnings per share	(30.77)

Only options with an exercise price lower than the average market price of ordinary shares of the Company during the period are considered when calculating diluted earnings per share. In the case of a loss, the options are anti-dilutive and consequently the diluted and the basic earnings per share are the same.

	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	30,613,743
Adjustments for calculation of diluted earnings per share:	
Options over ordinary shares	-
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>30,613,743</u>

14.2 There were no returns to shareholders during the year.

14.3 Significant features of operating performance

Total revenue for the financial year includes the net unrealised losses from investment activities of \$5,528,517 (2017: \$32,383,688 gain) arising from a review of the Company's valuations of its unlisted assets in the context of the draft Independent Expert's Report prepared by Leadenhall Corporate Advisory Pty Ltd and announced to the market by the Company on 10 August 2018. In respect of its investment in JB Financial Group Pty Ltd, the Company has adopted a valuation of \$5.16 per share (2017: \$5.51 per share). The carrying amount for the Company's investments in unlisted assets as at 30 June 2018 has been reduced to \$38,374,090 (2017: \$43,924,268).

14.4 Segments – not applicable

14.5 Trends in performance

The Company is a Listed Investment Company ("LIC") providing investors with the opportunity to gain exposure to an actively managed investment portfolio. The Company invests in global markets through derivative instruments providing exposure to equities, equity indices, bonds, currencies and commodities. The Company also invests in listed and unlisted securities and in foreign currency banknotes with the aim of achieving above average risk-adjusted returns (whilst limiting volatility) over the medium to long term. The market-based nature of the Company's investment returns may result in fluctuations in financial performance from year to year.

14.6 Factors which may affect the results of the Company in the future include the following:

- The Company raised additional capital of \$1,475,782 between 16 and 28 August 2018 from the issue of ordinary shares pursuant to optionholders' exercise of 1,475,782 listed options.
- The Company has agreed to dispose of its interests in its unlisted assets to JB Financial Pty Ltd for a total combined consideration of \$79.16 million. On 20 July 2018 the Company lodged meeting materials with ASIC and ASX including the Notice of Meeting, Explanatory Memorandum, Proxy Form and the Independent Expert Report prepared by Leadenhall Corporate Advisory Pty Ltd.

The meeting materials disclosing full details of the proposed transaction were announced to the market by the Company on 10 August 2018. The Company is awaiting the outcome of the review by the ASX of the meeting materials to enable it to dispatch the meeting materials to shareholders seeking the shareholders' consideration and, if thought fit, approval for the transaction described in the meeting materials.

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15. Audit

The report is based on accounts which are in the process of being audited. The audit report, when issued, is not expected to be subject to a modified opinion, emphasis of matter or other matter paragraph.

Henry Morgan Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2018

	Note	2018	2017
		\$	\$
Revenue	1	(6,946,096)	41,134,561
Total revenue		<u>(6,946,096)</u>	<u>41,134,561</u>
Expenses			
Management and performance fees	2	(1,720,428)	(8,595,891)
Impairment of assets		(250,000)	-
Accounting and audit costs		(1,465,454)	(166,093)
Broker commissions costs		(1,921,011)	(1,402,408)
Directors' fees		(362,173)	(182,017)
Finance costs		(42,413)	(687)
Legal fees		(378,945)	(320,589)
Other expenses		(340,562)	(305,163)
Total expenses		<u>(6,480,986)</u>	<u>(10,972,848)</u>
Profit/(loss) before income tax (expense)/benefit		(13,427,082)	30,161,713
Income tax (expense)/benefit	3	<u>4,007,407</u>	<u>(9,015,160)</u>
Profit/(loss) after income tax (expense)/benefit for the year attributable to the owners of Henry Morgan Limited		(9,419,675)	21,146,553
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the year attributable to the owners of Henry Morgan Limited		<u>(9,419,675)</u>	<u>21,146,553</u>
		Cents	Cents
Basic earnings per share	14	(30.77)	96.15
Diluted earnings per share	14	(30.77)	82.57

The above statement of profit or loss and other comprehensive income is based on accounts which are in the process of being audited and should be read in conjunction with the accompanying notes

Henry Morgan Limited
Statement of financial position
As at 30 June 2018

	Note	2018	2017
		\$	\$
Assets			
Cash and cash equivalents	4	314,729	9,116,799
Balances held with brokers	5	122,073	3,476,677
Term deposits	7	52,018	188,908
Derivative financial assets	8	-	7,976
Current tax receivable	3	187,746	1,005,041
Loans and receivables	6	733,049	1,005,782
Investments at fair value through profit or loss	9	42,035,176	47,164,879
Prepayments		16,644	14,465
Total assets		<u>43,461,435</u>	<u>61,980,527</u>
Liabilities			
Trade and other payables	11	531,621	5,222,432
Derivative financial liabilities	10	70,794	429,343
Deferred tax liability	3	<u>4,654,631</u>	<u>8,709,688</u>
Total liabilities		<u>5,257,046</u>	<u>14,361,463</u>
Net assets		<u>38,204,389</u>	<u>47,619,064</u>
Equity			
Issued capital	12	30,882,999	30,877,999
Retained profits		<u>7,321,390</u>	<u>16,741,065</u>
Total equity		<u>38,204,389</u>	<u>47,619,064</u>

The above statement of financial position is based on accounts which are in the process of being audited and should be read in conjunction with the accompanying notes

Henry Morgan Limited
Statement of changes in equity
For the year ended 30 June 2018

	Issued capital \$	Retained profits \$	Total equity \$
Balance at 1 July 2016	15,403,795	1,240,815	16,644,610
Profit after income tax expense for the year	-	21,146,553	21,146,553
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	21,146,553	21,146,553
<i>Transactions with owners in their capacity as owners:</i>			
Shares issued on exercise of options	15,988,870	-	15,988,870
Shares bought back and cancelled	(485,189)	-	(485,189)
Costs associated with capital raising, net of tax	(29,477)	-	(29,477)
Payment of dividend	-	(5,646,303)	(5,646,303)
Balance at 30 June 2017	<u>30,877,999</u>	<u>16,741,065</u>	<u>47,619,064</u>
	Issued capital \$	Retained profits \$	Total equity \$
Balance at 1 July 2017	30,877,999	16,741,065	47,619,064
Loss after income tax benefit for the year	-	(9,419,675)	(9,419,675)
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	(9,419,675)	(9,419,675)
<i>Transactions with owners in their capacity as owners:</i>			
Shares issued on exercise of options	5,000	-	5,000
Balance at 30 June 2018	<u>30,882,999</u>	<u>7,321,390</u>	<u>38,204,389</u>

The above statement of changes in equity is based on accounts which are in the process of being audited and should be read in conjunction with the accompanying notes

Henry Morgan Limited
Statement of cash flows
For the year ended 30 June 2018

	Note	2018	2017
		\$	\$
Cash flows from operating activities			
Net proceeds on sale of investments		(1,774,516)	7,315,504
Management and performance fees paid		(5,221,744)	(3,539,224)
Payments from / (to) brokers for initial trading margin		3,354,603	5,797
Commissions paid to investment brokers		(2,727,653)	(765,235)
Payments for operating and administrative expenses		(2,657,037)	(765,810)
Proceeds from sale of shares		3,850,069	3,987,535
Purchase of investments		(3,073,475)	(18,594,288)
Proceeds from repayment of foreign currency notes		2,900,000	-
Payment for foreign currency notes		(3,414,659)	-
Proceeds from foreign currency notes revenue		86,587	-
Dividends received		-	111,181
Interest received		7,829	33,584
Interest and other finance costs paid		94,478	-
Payments for related party loan		(450,000)	(1,461,438)
(Payment) / receipt of money received in error		(495,672)	495,189
Income taxes received / (paid)		714,120	(1,745,143)
		<u> </u>	<u> </u>
Net cash used in operating activities	15	<u>(8,807,070)</u>	<u>(14,922,348)</u>
Cash flows from investing activities			
Receipt from placement of term deposit		-	4,862,095
Payments for maturity of term deposit		-	(1,003)
		<u> </u>	<u> </u>
Net cash from investing activities		-	4,861,092
Cash flows from financing activities			
Proceeds from exercise of options	13	5,000	13,740,057
Proceeds received for issue of shares not issued at end of the period		-	(42,111)
Dividends paid		-	(3,827,153)
		<u> </u>	<u> </u>
Net cash from financing activities		5,000	9,870,793
		<u> </u>	<u> </u>
Net decrease in cash and cash equivalents		(8,802,070)	(190,463)
Cash and cash equivalents at the beginning of the financial year		9,116,799	9,307,262
		<u> </u>	<u> </u>
Cash and cash equivalents at the end of the financial year	4	<u>314,729</u>	<u>9,116,799</u>

The above statement of cash flows is based on accounts which are in the process of being audited and should be read in conjunction with the accompanying notes

Henry Morgan Limited
Notes to the financial statements
30 June 2018

Note 1. Revenue

	2018	2017
	\$	\$
<i>Net gains/ (losses) on financial instruments measured at fair value through profit or loss</i>		
Net realised (losses) / gains from trading activities	(1,353,148)	8,267,427
Net unrealised (losses) / gains from trading activities	(70,794)	412,573
Net realised losses from investment activities	(252,798)	(74,933)
Net unrealised (losses) / gains from investment activities	<u>(5,528,517)</u>	<u>32,383,688</u>
	<u>(7,205,257)</u>	<u>40,988,755</u>
 <i>Other revenue</i>		
Foreign exchange gains / (losses) on foreign currency banknotes	130,945	-
Trading fee on foreign currency banknotes	91,304	-
Dividends	7,199	111,181
Interest	<u>29,713</u>	<u>34,625</u>
	<u>259,161</u>	<u>145,806</u>
 Revenue	 <u><u>(6,946,096)</u></u>	 <u><u>41,134,561</u></u>

Accounting policy for revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Net gain on investments

Gains and losses arising from changes in fair value of investments held are recognised in the statement of profit or loss and other comprehensive income in the period in which they arise.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Note 2. Management and performance fees

In accordance with the Management Services Agreement dated 12 March 2015, the Investment Manager, John Bridgeman Limited, receives a management fee of 2% 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 performance fee is calculated as 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 of the portfolio at the end of the last day of the relevant quarter exceeds the mark-to-market value of the portfolio 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 back and payment of dividends.

The Investment Manager has charged, and received, management fees of \$1,200,791 (30 June 2017: \$796,168) and performance fees of \$519,637 (30 June 2017: \$7,799,723) during the period.

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Note 3. Income tax

	2018	2017
	\$	\$
<i>Income tax expense/(benefit)</i>		
Deferred tax - origination and reversal of temporary differences, and movement to current	(4,007,407)	9,015,160
Aggregate income tax expense/(benefit)	<u>(4,007,407)</u>	<u>9,015,160</u>
<i>Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate</i>		
Profit/(loss) before income tax (expense)/benefit	(13,427,082)	30,161,713
Tax at the statutory tax rate of 30%	(4,028,125)	9,048,514
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
prior year non deductible legal fees	20,718	-
Tax offset for franked dividends	-	(33,354)
Income tax expense/(benefit)	<u>(4,007,407)</u>	<u>9,015,160</u>
	2018	2017
	\$	\$
<i>Deferred tax liability</i>		
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Unrealised gains / (losses) on financial assets	8,300,979	9,838,878
Unrealised gains/ (losses) on trading assets	18,045	-
Accrued expenses	(41,162)	(33,000)
Capital raising costs (deductible over 5 years)	(57,550)	(85,061)
Tax losses	(3,325,670)	(1,011,129)
Capitalised expenses to form part of cost base	(171,576)	-
Interest receivable	(68,435)	-
Deferred tax liability	<u>4,654,631</u>	<u>8,709,688</u>
	2018	2017
	\$	\$
<i>Income tax refund due</i>		
Income tax refund due	<u>187,746</u>	<u>1,005,041</u>

Accounting policy for income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Henry Morgan Limited
Notes to the financial statements
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Note 3. Income tax (continued)

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Note 4. Cash and cash equivalents

	2018	2017
	\$	\$
Cash at bank	46,867	4,152,523
Cash held with investment brokers - unrestricted	267,862	4,964,276
	<u>314,729</u>	<u>9,116,799</u>

Accounting policy for cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Note 5. Balances held with brokers

The Company places cash with investment brokers as security against open derivative positions with use of these funds restricted until these open derivative positions are settled.

	2018	2017
	\$	\$
Balances held with brokers	<u>122,073</u>	<u>3,476,677</u>

Note 6. Loans and receivables

	2018	2017
	\$	\$
Trade receivables	472,010	918,721
Short-term loan	221,884	-
Other receivables	39,155	87,061
	<u>733,049</u>	<u>1,005,782</u>

Accounting policy for trade and other receivables

Other receivables are recognised at amortised cost, less any provision for impairment.

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Note 7. Term deposits

	2018	2017
	\$	\$
Term deposits	<u>52,018</u>	<u>188,908</u>

The term deposit accrues a fixed interest rate

Note 8. Derivative financial assets

	2018	2017
	\$	\$
Exchange traded futures	<u>-</u>	<u>7,976</u>

Note 9. Investments at fair value through profit or loss

	2018	2017
	\$	\$
Listed ordinary shares	3,015,482	3,240,611
Unlisted ordinary shares	38,374,090	43,924,268
Foreign currency banknotes	645,604	-
	<u>42,035,176</u>	<u>47,164,879</u>

Note 10. Derivative financial liabilities

	2018	2017
	\$	\$
Derivative financial instruments	<u>70,794</u>	<u>429,343</u>

Note 11. Trade and other payables

	2018	2017
	\$	\$
Trade payables	390,120	961,009
Management and performance fees payable	-	3,580,141
Accrued expenses	137,004	114,000
Withholding tax payable	-	55,526
Other payables	4,497	511,756
	<u>531,621</u>	<u>5,222,432</u>

Henry Morgan Limited
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Note 11. Trade and other payables (continued)

Accounting policy for trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Note 12. Issued capital

	2018	2017	2018	2017
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>30,615,140</u>	<u>30,610,140</u>	<u>30,882,999</u>	<u>30,877,999</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2016	15,601,000		15,403,795
Fully paid ordinary shares issued	6 September 2016	1,686,256	\$1.10	1,854,882
Fully paid ordinary shares issued	28 September 2016	572,809	\$1.10	630,090
Share issue costs	-	-	\$0.00	(29,477)
Fully paid ordinary shares issued under dividend reinvestment plan	13 March 2017	1,239,801	\$1.42	1,763,624
Fully paid ordinary shares issued on exercise of options	January 2017	1,247,772	\$1.00	1,247,772
Fully paid ordinary shares issued on exercise of options	February 2017	9,123,679	\$1.00	9,123,679
Fully paid ordinary shares issued on exercise of options	March 2017	15,015	\$1.00	15,015
Fully paid ordinary shares issued on exercise of options	April 2017	105,500	\$1.00	105,500
Fully paid ordinary shares issued on exercise of options	May 2017	55,697	\$1.00	55,697
Fully paid ordinary shares issued on exercise of options	June 2017	1,192,611	\$1.00	1,192,611
Ordinary shares cancelled following their on-market buy-back	7 June 2017	<u>(230,000)</u>	\$2.11	<u>(485,189)</u>
Balance	30 June 2017	30,610,140		30,877,999
Fully paid ordinary shares issued on exercise of options	11 October 2017	<u>5,000</u>	\$1.00	<u>5,000</u>
Balance	30 June 2018	<u>30,615,140</u>		<u>30,882,999</u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands, every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Options on issue

At 30 June 2018 there were 4,513,791 options over ordinary shares in the Company, exercisable at \$1.00 per share on or before 31 August 2018.

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Note 12. Issued capital (continued)

Capital risk management

The Company's objectives when managing its capital are to safeguard its ability to continue as a going concern so that it can provide financial returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce its cost of capital whilst at the same time ensuring its operational flexibility to exploit investment opportunities as they arise.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company may seek to raise additional capital when an opportunity to invest in an asset, business or company is perceived as a value accretive transaction relative to the Company's share price at the time of the investment.

Accounting policy for issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Note 13. Options

In accordance with the Company's replacement prospectus of 23 December 2015, attached to each ordinary share issued under the prospectus was an option with an exercise price of \$1 per option, exercisable from the date of issue to 31 August 2018. On 11 October 2017 5,000 shares were issued on exercise of options. As at 30 Jun 2018, 4,513,791 options (2017: 4,518,791) remained outstanding.

	2018	2017
Options outstanding:		
Opening balance	4,518,791	14,000,000
6 September 2016: Issue of options accompanying shares issued in a placement.	-	1,686,256
28 September 2016: Issue of options accompanying shares issued pursuant to a Share Purchase Plan.	-	572,809
Fully paid ordinary shares issued on exercise of options at \$1.00 per share:		
January 2017	-	(1,247,772)
February 2017	-	(9,123,679)
March 2017	-	(15,015)
April 2017	-	(105,500)
May 2017	-	(55,697)
June 2017	-	(1,192,611)
October 2017	(5,000)	-
	<u>4,513,791</u>	<u>4,518,791</u>
Closing balance		

Note 14. Earnings per share

	2018	2017
	\$	\$
Profit/(loss) after income tax attributable to the owners of Henry Morgan Limited	<u>(9,419,675)</u>	<u>21,146,553</u>

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30 June 2018

Note 14. Earnings per share (continued)

	Cents	Cents
Basic earnings per share	(30.77)	96.15
Diluted earnings per share	(30.77)	82.57

Anti-dilutive options were excluded from the diluted EPS calculation

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	30,613,743	21,993,679
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	-	3,615,428
	<u>30,613,743</u>	<u>25,609,107</u>

Accounting policy for earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Henry Morgan Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Note 15. Reconciliation of profit/(loss) after income tax to net cash from/(used in) operating activities

	2018	2017
	\$	\$
Profit/(loss) after income tax (expense)/benefit for the year	(9,419,675)	21,146,553
Adjustments for:		
Unrealised (gain)/loss on investments	5,528,517	(32,383,688)
Unrealised (gain)/loss on trading	(350,574)	(412,573)
Unrealised (gain)/loss on foreign exchange notes	(222,250)	-
Impairment of assets	250,000	-
Change in operating assets and liabilities:		
Decrease/(increase) in loans and receivables	(70,061)	555,093
Decrease/(increase) in deferred tax assets	(4,055,057)	9,062,809
Increase in prepayments	(2,179)	-
Decrease in term deposits	136,890	-
Balances held with brokers and proprietary trading platforms	3,354,603	5,797
Increase/(decrease) in trade and other payables	(5,003,121)	4,964,643
Increase/(decrease) in provision for income tax	817,295	(1,792,791)
Proceeds from sales of shares	3,927,675	3,987,535
Purchase of investments	(2,803,894)	(18,594,288)
Purchase of foreign currency notes	(423,355)	-
Payments for short term loans	(471,884)	(1,461,438)
Net cash used in operating activities	<u>(8,807,070)</u>	<u>(14,922,348)</u>