BENJAMIN HORNIGOLD LIMITED

Annual Report

FOR THE YEAR ENDED 30 JUNE 2018

BENJAMIN HORNIGOLD LTD
ACN 614 854 045

Managing Director's letter

Dear Shareholders

The past 12 months have been an interesting period for Benjamin Hornigold Ltd.

While the Board believed the opportunity to participate in an exclusive trading arrangement with JB Trading House Pty Ltd in return for a note with a face value of $13.5 million, carrying a six-monthly coupon and the choice to convert into stock, would have provided significant benefits to BHD, unfortunately the transaction was unable to be implemented as a result of ASX intervention.

However, opportunities may lie elsewhere – even where others would not see them.

Hedge funds are facing turmoil in global markets. It is even possible that we are headed for another credit crunch.

Ironically, the measures which were implemented to stave off the Global Financial Crisis (GFC) such as quantitative easing (QE) and negative interest rates, are only going to make the next bust worse.

For example:

1. The largest economy in the world is the European Union. The EU, despite massive QE and negative interest rates, has not recovered from the GFC and their government fiscal position has never been worse. European Central Bank head, Mario Draghi, may be the first ECB head to serve a full term without raising rates even once. Current economic conditions would actually suggest that he is more likely to need to stimulate further – if that is possible.

2. The fourth largest world economy, Japan, has indulged in the largest money printing exercise since the Weimar Republic. This has failed to achieve an inflation rate above 1%.

3. The third biggest economy in the world, China, is continuing to look for ways to continue high growth. However, it has racked up prodigious and unsustainable levels of debt in doing so.

4. The world's second largest economy is the USA. Substantial tax cuts and a significant QE programme has kept growth strong in that economy. However, if that falters, and it surely will, that will lead to a domino effect across equity markets, currency markets and debt markets. The recent October falls, which have seen equity market experience the largest pull backs since 2008 (the height of the GFC), are a stark early warning sign.

5. The largest risk is real estate. The reason why real estate is such a risk is because it is the asset class in respect of which investors and the finance industry have the largest exposure. Real estate globally is severely overvalued. Any further deterioration in real estate markets would likely trigger a substantial retrenchment in the provision of credit.

6. Finally, in Australia, the ASX is at the levels it was at in 2006.

We believe this volatility will provide opportunities for the Company going forward.

Stuart McAuliffe
Managing Director
Benjamin Hornigold Ltd

Introduction

The directors present their report, together with the financial statements, of Benjamin Hornigold Limited (referred to hereafter as the 'Company') for the year ended 30 June 2018 and the auditor's report.

Directors

The following persons were directors of Benjamin Hornigold Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Stuart McAuliffe
Peter Aardoom
Bryan Cook (re-appointed 7 September 2017)
Vince Gordon (resigned 27 July 2018)
Simon Richardson (resigned 31 July 2018)

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

Information on Directors and Company Secretaries

Name:	Stuart McAuliffe
Title:	Appointed as a Director 28 September 2016 and Executive Chairman February 2017.
Qualifications	BA; MEd; Grad Dip Legal Studies
Experience and expertise:	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.
Other current directorships:	Stuart has been a Director of John Bridgeman Limited since 8 January 2015 and a Director of Henry Morgan Limited Ltd since September 2014.
Former directorships (last 3 years):	Nil
Special responsibilities:	Executive Chairman
Interests in shares:	Stuart holds or has a relevant interest in 46,359 ordinary shares.
Interests in options:	Stuart holds or has a relevant interest in 924,338 options.

Name:	Peter Aardoom
Title:	Non-Executive Director, appointed 14 February 2017
Experience and expertise:	Peter is a highly skilled and experienced financial markets executive. He has excellent technical skills and in-depth knowledge of equity, debt, commodity, foreign exchange and fixed income markets. He has over 30 years' experience in Australian and international equity and derivatives broking and trading, portfolio management, general corporate and financial advisory services, and company promotion.
Other current directorships:	Nil
Former directorships (last 3 years):	Nil
Special responsibilities:	Nil
Interests in shares:	Peter holds or has a relevant interest in 4,535 ordinary shares.
Interests in options:	Nil

Name:	Bryan Cook (appointed 29 September 2016, resigned 15 February 2017 and re-appointed 7 September 2017)
Title:	Non-Executive Director
Qualifications:	Cert IV in Government Investigations and Advanced diploma in Policing.
Experience and expertise:	Bryan has extensive operational, leadership and strategic experience built over 24 years in private and public companies. He has a track record of implementing tailored and robust compliance cultures across a range of different environments. Bryan holds qualifications in investigations, human resources and training, and is a member of, amongst others, the Institute of Public Administration Australia and Corruption Prevention Network Queensland.
Other current directorships:	Nil
Former directorships (last 3 years):	Bryan was a Director of Benjamin Hornigold from 29 September 2016 to 15 February 2017 before being re-appointed 7 September 2017.
Special responsibilities:	Nil
Interests in shares:	Bryan holds or has relevant interest in 7,000 ordinary shares.
Interests in options:	Bryan holds or has a relevant interest in 7,000 options.

Name:	Vince Gordon (Resigned 27 July 2018)
Title:	Non-Executive Director, appointed 14 March 2017
Qualifications:	BA, LLB, MBA
Experience and expertise:	Vince has over 20 years' experience in his field. He is the Managing Partner of Reed Smith LLP's Middle East offices. Reed Smith LLP is one of the world's leading global law firms. He has substantial experience in all types of capital markets work, including banking and finance, debt capital markets, structuring and joint ventures, corporate finance and acquisitions, funds, trade finance, regulatory and project finance work.
Other current directorships:	Nil
Former directorships (last 3 years):	Vince was a director of John Bridgeman Limited from 3 October 2017 until 1 August 2018.
Special responsibilities:	Nil
Interests in shares:	Nil
Interests in options:	Nil

Name:	Simon Richardson (Resigned 31 July 2018)
Title:	Independent Non-Executive Director, appointed 14 February 2017.
Qualifications:	BEcon; BCom
Experience and expertise:	Simon has had over 20 years of diverse national and international business experience. Simon commenced his career at KPMG spending time in Australia and the United Kingdom. In 2006, Simon was a founding partner in one of the leading proprietary futures trading businesses in Australia.
Other current directorships:	Nil
Former directorships (last 3 years):	Simon was a director of Henry Morgan Ltd until 31 March 2016 and a director of John Bridgeman Limited until 31 March 2016 and again from 3 October 2017 until 1 August 2018.
Special responsibilities:	Nil
Interests in shares:	Nil
Interests in options:	Nil

Name:	Jody Wright
Title:	Company Secretary, appointed 28 September 2016
Qualifications:	LLB
Experience and expertise:	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.

Name:	Kevin Mischewski
Title:	Company Secretary, appointed 10 August 2017
Qualifications:	CA; AGIA
Experience and expertise:	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 Limited.

Meetings of Directors
The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2018, and the number of meetings attended by each director were:

	Board		**Audit and Risk Committee**	
	Attended	**Held**	**Attended**	**Held**
Stuart McAuliffe	10	11	2	2
Simon Richardson	10	10	2	2
Peter Aardoom	11	11	1	1
Bryan Cook	6	8	N/A	N/A
Vince Gordon	9	11	2	2

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

Principal activities

The Company is a Listed Investment Company (LIC) incorporated on 28 September 2016. The Company provides investors with the opportunity to gain exposure to an investment portfolio that is actively managed. The investment portfolio is invested in a small number of high conviction investments in undervalued assets, that provide growth opportunities with the aim of achieving above average returns, (whilst limiting volatility) over the medium to long term. During the year the Company expanded its investments to include trading under a proprietary trading facility, providing funds under a convertible note and acquired foreign currency banknotes to diversify exposure from adverse market conditions. Further details on these investments are included in the Review of Operations.

Business model and objectives

The Company aims to deliver shareholder returns by providing an actively managed portfolio with diversification across products and global markets, thereby allowing the Board, key management and shareholders' interests to be aligned. The Company's investments are managed by the Investment Manager (John Bridgeman Limited) under a Management Services Agreement.

Review of operations

The following table provides a summary of financial highlights (2017 was the first year of operation):

	2018 $	2017 $
Profit / (loss) before tax	(4,277,068)	186,436
Net profit / (loss) after tax	(2,993,948)	130,505
Net realised trading and investment gains	9,942	1,155,241
Net unrealised trading and investment loss	(430,123)	(476,077)
Commissions paid to investment brokers	(3,064,138)	(308,909)
Management and performance fee expense	(1,168,830)	(88,019)
Dividends paid	(2,799,137)	-
Basic earnings per share (cents)	(13.85)	3.10
Return on average capital employed (%)	(22.74%)	0.66%

The loss incurred by the Company after providing for income tax amounted to $2,993,948. The result for the period included net loss on financial instruments of $420,181, of which $430,123 was unrealised; commission expenses of $3,064,138, as well as management and performance fees of $1,168,830.

On 16 October 2017, the Company entered into a trading facilitation arrangement with Genesis Proprietary Trading Pty Ltd (Genesis), a wholly owned subsidiary of JB Financial Group Ltd (JBFG). Under the agreement, trading profits earned or losses incurred, in excess of $20,000 per month, by traders of the Investment Manager using Genesis funding and trading platform are shared between Genesis and the Company, 5% and 95% respectively. The agreement continues on a monthly basis unless terminated with 30 days' notice by either party or terminated for cause by Genesis. As at 30 June 2018, the Company has accrued trading profits of $70,919.

On 11 September 2017, the Company entered into a convertible loan agreement with JBFG for $2,200,000. In the event of default, the loan is secured over 100% of the shares in Genesis. The agreement has a maturity of one year and a 9.65% annual interest rate applies. At the Company's election, any outstanding amount may be settled in: cash, shares in JBFG at a fixed rate of $6.14 per share, or, shares in Genesis at $9.98 per share. As 30 June 2018, the estimated value of the entire instrument was $2,305,278.

During the year the Company acquired foreign currency banknotes. The value of banknotes held at 30 June 2018 was $7,567,612. The banknotes are traded and managed by JBFX Wholesale Pty Ltd (JBFX), a wholly owned subsidiary of JBFG, on behalf of the Company under a services agreement which provides for a minimum return to the Company of 9% per annum (pa.) on the Australian dollar value of the banknotes. Returns over 9%pa. on the banknotes are retained by JBFX as a fee for trading the banknotes on behalf of the Company. As owner of the banknotes, any foreign exchange movement in the value of the banknotes is for the account of the Company. For the year ended 30 June the Company incurred an unrealised foreign exchange gain of $168,534 and earned a return of $610,103 on the banknotes.

Changes in equity
Shares on issue increased by 4,154,241 from 20,001,000 to 24,155,241 during the year as a result of the conversion of options and shares issued under the dividend reinvestment plan. Issued capital increased by $4,067,650.

Significant changes in the state of affairs
Apart from the matters discussed in this Report, there were no other significant changes in the state of affairs of the Company during the financial year.

Matters subsequent to the end of the financial year
No matter or circumstance, other than the following, has arisen since 30 June 2018 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Exclusive trading arrangement

The Company announced on 6 June 2018 that the Board had approved in-principle terms for an exclusive trading arrangement with JB Trading House Pty Ltd ("JB Trading House"). JB Trading House is a wholly owned subsidiary of JB Financial Group Pty Ltd ("JB Financial Group") and is also the parent company of JB Markets Pty Ltd, JB Alpha Ltd and Genesis Proprietary Trading Pty Ltd.

A summary of the proposed transaction is:

- that the Company will trade exclusively through JB Trading House subsidiaries for a period of five years, with minimum service standards applicable and no minimum trading level required, in consideration for Convertible Notes with a total face value of $13,500,000 without any cash payment required on the part of the Company;

As at the date of this report:

- formal convertible note documentation has been signed reflecting the terms of the proposed transaction;
- following an ASX direction to obtain shareholder approval, meeting material has been prepared and an independent expert engaged; and
- Hanrick Curran, the independent expert, has finalised the independent expert's report in respect of the proposed transaction, concluding that the proposed transaction was both fair and reasonable to non-associated shareholders of BHD.

The Company has delivered the independent expert report and notice of meeting to the ASX for review. The Company has been unable to dispatch the meeting material to shareholders because the ASX has not provided its approval for dispatch.

Resignation of Directors

Directors Vince Gordon and Simon Richardson resigned on 27 July and 31 July 2018 respectively.

Trading facility

On 2 August 2018 the Company was granted broker facilities consisting of a $1,000,000 Credit Line and a $5,000,000 Trading Line to provide additional capacity for trading of derivative futures contracts. Negative balances in the Company's account with the broker will attract interest at the market ask rate plus 5%pa but not less than 5% pa.

Sale of shares in a buy-back transaction

On 3 August 2018, 536,585 shares and options held by the Company in John Bridgeman Limited were bought back by John Bridgeman Limited at $2.05 for every one share with one option. The sale on 3 August had the effect of cancelling the placement of those shares and options with the Company at that same price on 17 November 2017. After the buy-back, the Company holds 43,000 shares in John Bridgeman Limited and no options.

<u>Loan provided</u>

On 8 August 2018 the Company made a loan of $1,134,000 to the Investment Manager, John Bridgeman Limited, for a term of one year at 11.5% pa interest.

<u>Off-market takeover intention announced</u>

On 10 September 2018 John Bridgeman Limited (JBL) announced it intends to make an off-market offer for all the shares in the Company which it does not own. The announcement stated that JBL intends to offer 0.65 JBL shares and 0.5 JBL options for each BHD share. Further information on the proposed bid is available on the Company's website:
http://www.benjaminhornigold.com.au/investor-centre/announcements.html

<u>Convertible Note maturity extended</u>

On 11 September 2018 the convertible note included in Investments at fair value through profit or loss in the Statement of financial position at fair value of $2,305,278 (refer Note 11), which had a maturity date of 11 September 2018 and an interest rate of 9.65%pa, was extended by 18 months to a maturity date of 11 March 2020.

<u>Other Current Receivable converted to non-current loan</u>

In relation to the amount of $4,553,773 due from John Bridgeman Limited and included in Other current Receivables in the Statement of financial position (refer note 12), the Company entered into a repayment arrangement with John Bridgeman Limited for $4.5 million to be repaid over a term of 18 months with interest of 11.5% pa.

Dividends
A special dividend of $0.12 per share was declared by the Company on 15 January 2018 and paid on 9 March 2018. This special dividend was 10% franked. The total dividend entitlement of $2,799,137 was distributed by way of the issue of 829,097 fully paid ordinary shares to participants in the Company's DRP, with a total value of $742,506 with the balance of this special dividend being payable by way of cash totalling $2,038,253.

Likely developments and expected results of operations
The Company will continue operating as a LIC. The Company is focussed on building a concentrated portfolio of the Investment Manager's most compelling investment ideas, including equities, currencies, bonds, derivatives, commodities and unlisted securities.

The Company intends to follow a long-term philosophy of seeking undervalued assets across all asset classes globally, including but not limited to currencies, global equities and precious metals.

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

- Any variations in global or local equity markets, global or local bond markets or in the value of the Australian dollar against other major currencies.

- Any investment decisions made by the Investment Manager (John Bridgeman Limited) that may lead to negative returns being realised by the Company resulting in the Company suffering a financial loss in the short or longer term. The Company considers that the Investment Manager has robust systems and processes in place to manage the business risks that are incurred. 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 or understand resultant financial risk and returns. However, there is a risk that the Investment Manager's investment management systems may not be profitable, and the Company may suffer a loss.

Environmental regulation
The Company is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Directors' Interest
The relevant interest of each director in shares or options over such instruments issued by the Company and other related body corporates, as notified by the directors to the ASX in accordance with S205G(a) of the Corporations Act 2001, at the date of this report is as follows:

Share and Option holding
At the date of this report, the number of shares and options over shares in the Company held during the financial year by each director and other members of key management personnel (KMP) of the Company, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ Other [1]	Balance at the end of the year
Ordinary shares					
Current KMP					
Stuart McAuliffe	46,359[3]	-	-	-	46,359[3]
Peter Aardoom	42,000	-	2,535	(40,000)[2]	4,535
Bryan Cook	n/a	-	7,000	-	7,000

Vince Gordon	-	-	-	-	-
Simon Richardson	-	-	-	-	-
	88,359	-	9,535	(40,000)	57,894

Options over ordinary shares

Current KMP					
Stuart McAuliffe	924,338[3]	-	-	-	924,338[3]
Peter Aardoom	42,000	-		(42,000)[2]	-
Bryan Cook	n/a	-	7,000		7,000
Vince Gordon	-	-	-	-	-
Simon Richardson	-	-	-	-	-
	966,338	-	7,000	(42,000)	931,338

[1] Other includes additions as a result of appointments to KMP.
[2] 42,000 shares and options previously held in trust for another. Ceased acting as trustee for the beneficial owner of the shares and options.
[3] Includes 45,359 Benjamin Hornigold Limited shares and 924,338 share options held by John Bridgeman Limited (an entity not controlled by Stuart McAuliffe).

Shares under option
Unissued ordinary shares of the Company under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
4 May 2017	28 April 2020	$1.00	16,674,856

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

Option grant dates are noted above including those issued during or since the end of the year.

No options were issued to Directors and executives as remuneration, refer to the Remuneration Report.

No person entitled to exercise any of the above options has or has any right by virtue of the option to participate in any share issue of any other body corporate.

Shares issued on the exercise of options
During and since the year ended 30 June 2018, the following shares were issued pursuant to the exercise of options:

Class of Securities	Issue date	Issue price	Number issued
Fully paid ordinary shares	5 January – 9 February 2018	$1.00	3,325,144

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 non-audit services provided during the financial year by the auditor.

Proceedings on behalf of the Company
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to 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 part of those proceedings.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Auditor
KPMG continues in office in accordance with section 327 of the Corporations Act 2001.

Remuneration report (audited)
This Remuneration Report outlines the remuneration arrangements of the Company for the year ended 30 June 2018. The report details the remuneration arrangements for the key management personnel (KMP) within the Company. KMP are defined as those persons having authority and responsibility for planning, directing and controlling activities of the Company, including any director. During the 2018 financial year, the KMP for the Company comprised the directors of the Company, as set out below. The Company has no other executives.

The remuneration report details the key management personnel remuneration arrangements for the Company, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Remuneration framework
The objective of the Company's remuneration framework is to align KMP objectives with shareholder and business objectives by providing fixed remuneration to Board members. The Board of the Company believes the remuneration framework to be appropriate and effective in its ability to attract and retain high-quality KMP to run and manage the Company, as well as create an alignment of interests between directors and shareholders.

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

- The remuneration arrangements are developed and approved by the Board.
- Non-executive directors do not receive performance-related remuneration and are not entitled to participate in equity-based incentive plans in the Company
- All KMP receive a fixed directors' fee which is based on factors such as relevant industry standards.
- The Board reviews KMP remuneration arrangements periodically by reference to the Company's performance and comparable information from industry sectors.

Total remuneration available to the directors for their services as directors is a maximum of $450,000. Any increase in the aggregate amount of directors' fees over $450,000 must be approved by a resolution of the shareholders.

The Board's policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. Independent external advice is sought when required.

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

Performance-based remuneration

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

Relationship between remuneration policy and Company performance

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

Performance conditions linked to remuneration

There are currently no performance conditions linked to KMP remuneration.

Consequences of performance on shareholder wealth

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

	2018	**2017**
	$	**$**
Profit/ (loss) attributable to owners of the Company	(2,993,948)	130,505
Dividends paid	$0.12	Nil
Change in share price during the year	(0.28)	(0.01)

Employment details of members of Key Management Personnel

Remuneration and other terms of employment for key management personnel are formalised in service agreements. The following table provides employment details of persons who were KMP of the Company during the financial period.

Name/ title:	Stuart McAuliffe – Executive Chairman
Agreement commenced:	28 September 2016
Term of agreement:	No fixed term
Details:	Director's fees are 100% of remuneration

Name/ title:	Peter Aardoom – Non-executive Director
Agreement commenced:	14 February 2017
Term of agreement:	No fixed term
Details:	Director's fees are 100% of remuneration

Name/ title:	Bryan Cook – Non-executive Director
Agreement commenced:	7 September 2017
Term of agreement:	No fixed term
Details:	Director's fees are 100% of remuneration

Name/ title:	Vince Gordon – Non-executive Director
Agreement commenced:	14 March 2017
Term of agreement:	No fixed term

Details:	Director's fees are 100% of remuneration

Name:	Simon Richardson – Non-executive Director
Agreement commenced:	14 March 2017
Term of agreement:	No fixed term
Details:	Director's fees are 100% of remuneration

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Details of remuneration

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

Table of benefits and payments for the year ended 30 June 2018

	Short-term benefits			Post-Employment benefits	Long Term benefits	Share–based payments	
	Cash salary and fees	**Cash Bonus**	**Non-Monetary**	**Superannuation**	**Long Service leave**	**Equity settled**	**Total**
2018	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Current KMP							
Stuart McAuliffe	43,333	-	-	-	-	-	43,333
Peter Aardoom	47,636	-	-	-	-	-	47,636
Bryan Cook	-	-	-	-	-	-	-
Vince Gordon	45,707	-	-	-	-	-	45,707
Simon Richardson	48,000	-	-	-	-	-	48,000
Total KMP	184,676	-	-	-	-	-	184,676

Table of benefits and payments for the year ended 30 June 2017

	Short-term benefits			Post-Employment benefits	Long Term benefits	Share- based payments	
	Cash salary and fees	**Cash Bonus**	**Non-Monetary**	**Superannuation**	**Long Service leave**	**Equity settled**	**Total**
2017	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Current KMP							
Stuart McAuliffe	7,996	-	-	-	-	-	7,996
Peter Aardoom	7,381	-	-	-	-	-	7,381
Vince Gordon	7,381	-	-	-	-	-	7,381
Simon Richardson	7,381	-	-	-	-	-	7,381
Previous KMP				-			
Bryan Cook	-	-	-	-	-	-	-
Jody Wright	-	-	-	-	-	-	-
Total KMP	30,139	-	-	-	-	-	30,139

Cash bonuses, performance-related bonuses and share-based payments
No options or bonuses were granted as remuneration to KMP during the period

KMP Shareholdings

The number of ordinary shares of the Company held by each KMP of the Company, directly or indirectly or by their personally related parties during the financial period is as follows:

	Balance at 1 July 2017	Granted as remuneration during the period	Issued on exercise of options during the period	Other change during the period[1]	Balance at 30 June 2018
Current KMP					
Stuart McAuliffe	1,000	-	-	-	1,000
Peter Aardoom	42,000	-	2,000	(39,465)[2]	4,535
Bryan Cook	-	-	-	7,000	7,000
Vince Gordon	-	-	-	-	-
Simon Richardson	-	-	-	-	-
	43,000	-	2,000	(32,465)	12,535

The number of options in the Company held by each KMP, directly or indirectly, or by their personally related parties during the financial period is as follows:

	Balance at 1 July 2017	Granted as remuneration during the period	Exercised during the period	Other changes during the period[1]	Balance at 30 June 2018
Current KMP					
Stuart McAuliffe	-	-	-	-	-
Peter Aardoom	42,000	-	(2,000)	(40,000)[2]	-
Bryan Cook	-	-	-	7,000	7,000
Vince Gordon	-	-	-	-	-
Simon Richardson	-	-	-	-	-
	42,000	-	(2,000)	(33,000)	7,000

[1] Other includes additions as a result of appointments to KMP.

[2] Includes 40,000 shares and options previously held on trust for another. Ceased acting as trustee for the beneficial owner of the shares and options.

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

Other transactions with KMP and/or their related parties

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

This concludes the remuneration report, which has been audited.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Mr Stuart McAuliffe
Executive Chairman

30 September 2018

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

To the Directors of Benjamin Hornigold Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Benjamin Hornigold Limited for the financial year ended 30 June 2018 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Simon Crane
Partner

Brisbane
30 September 2018

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Benjamin Hornigold Ltd
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2018

	Note	2018 $	28 Sep 2016 to 30 Jun 2017 $
Revenue	5	638,516	679,164
Total revenue		638,516	679,164
Expenses			
Management and performance fees	6	(1,168,830)	(88,019)
Broker commissions costs		(3,064,138)	(308,909)
Directors' fees		(203,144)	(30,139)
Other expenses		(461,425)	(65,661)
Finance costs		(18,047)	-
Total expenses		(4,915,584)	(492,728)
Profit/(loss) before income tax (expense)/benefit		(4,277,068)	186,436
Income tax (expense)/benefit	7	1,283,120	(55,931)
Profit/(loss) after income tax (expense)/benefit for the year attributable to the owners of Benjamin Hornigold Ltd		(2,993,948)	130,505
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of Benjamin Hornigold Ltd		(2,993,948)	130,505
		Cents	**Cents**
Basic earnings per share	21	(13.85)	3.10
Diluted earnings per share	21	(13.85)	3.03

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Benjamin Hornigold Ltd
Statement of financial position
As at 30 June 2018

	Note	2018 $	2017 $
Assets			
Cash and cash equivalents	8	1,121,247	16,182,307
Balances held with brokers - Current	9	86,886	3,507,097
Derivative financial assets	10	23,073	7,976
Other receivables - Current	12	4,735,456	549,904
Investments at fair value through profit or loss	11	10,668,254	-
Prepayments		9,243	-
Deferred tax assets	7	1,624,381	341,261
Total assets		18,268,540	20,588,545
Liabilities			
Derivative financial liabilities	13	49,986	484,053
Trade and other payables - Current	14	190,197	347,968
Current tax payable	7	162,808	165,540
Total liabilities		402,991	997,561
Net assets		17,865,549	19,590,984
Equity			
Issued capital	15	23,528,129	19,460,479
Retained profits/(accumulated losses)		(5,662,580)	130,505
Total equity		17,865,549	19,590,984

The above statement of financial position should be read in conjunction with the accompanying notes

Benjamin Hornigold Ltd
Statement of changes in equity
For the year ended 30 June 2018

	Issued capital $	Retained profits / (losses) $	Total equity $
Balance at 28 September 2016	-	-	-
Profit after income tax expense for the year	-	130,505	130,505
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	130,505	130,505
Transactions with owners in their capacity as owners:			
Issue of share capital (note 15)	20,001,000	-	20,001,000
Costs associated with capital raising, net of tax	(540,521)	-	(540,521)
Balance at 30 June 2017	19,460,479	130,505	19,590,984

	Issued capital $	Retained profits / (losses) $	Total equity $
Balance at 1 July 2017	19,460,479	130,505	19,590,984
Loss after income tax benefit for the year	-	(2,993,948)	(2,993,948)
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	(2,993,948)	(2,993,948)
Transactions with owners in their capacity as owners:			
Issue of share capital	4,067,650	-	4,067,650
Dividends paid (note 16)	-	(2,799,137)	(2,799,137)
Balance at 30 June 2018	23,528,129	(5,662,580)	17,865,549

Benjamin Hornigold Ltd
Statement of cash flows
For the year ended 30 June 2018

	Note	2018 $	28 Sep 2016 to 30 Jun 2017 $
Cash flows from operating activities			
Net proceeds on sale of investments		(456,760)	1,155,241
Management and performance fees paid		(5,777,647)	(33,440)
Receipts from / (payments to) brokers for initial trading margin		3,420,212	(3,507,097)
Commissions and brokerage fees paid		(3,309,315)	(91,445)
Payments for operating and administrative expenses		(511,867)	(84,591)
Interest received		209,141	-
Interest and other finance costs paid		(18,047)	-
Proceeds from sale of listed shares		281,250	-
		(6,163,033)	(2,561,332)
Payments for investments in listed shares		(1,489,199)	-
Payments for foreign currency bank notes		(7,399,084)	-
Payment for convertible note		(2,305,278)	-
Net cash used in operating activities	25	(17,356,594)	(2,561,332)
Cash flows from investing activities			
Net cash from investing activities		-	-
Cash flows from financing activities			
Proceeds from issue of shares		3,306,766	20,001,000
Proceeds / (payment) from short term advance		1,027,021	(485,189)
Payments for cost of issuance and listing of new shares		-	(772,172)
Dividends paid		(2,038,253)	-
Net cash from financing activities		2,295,534	18,743,639
Net increase/(decrease) in cash and cash equivalents		(15,061,060)	16,182,307
Cash and cash equivalents at the beginning of the financial year		16,182,307	-
Cash and cash equivalents at the end of the financial year	8	1,121,247	16,182,307

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

Note 1. Reporting Entity

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

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

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

The Company was incorporated on 28 September 2016 but did not commence operations until 11 May 2017. Consequently, there are limited comparative numbers.

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

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

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

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

The financial statements were authorised by the Board of Directors on 30 September 2018.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The following Accounting Standards and Interpretations are most relevant to the Company:

AASB 2016-1 Amendments to Australian Accounting Standards - Recognition of Deferred Tax Assets for Unrealised Losses
The Company has adopted AASB 2016-1 from 1 July 2017. The amendments to AASB 112 'Income Taxes' clarify the requirements on recognition of deferred tax assets for unrealised losses on debt instruments measured at fair value.

AASB 2016-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107
The Company has adopted AASB 2016-2 from 1 July 2017. The amendments to AASB 107 'Statement of Cash Flows' require the disclosure of changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Company.

Note 2. Significant accounting policies (continued)

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, financial assets and liabilities at fair value through profit or loss and derivative financial instruments.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Investments and other financial assets
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit; or (ii) designated as such upon initial recognition, where they are managed on a fair value basis or to eliminate or significantly reduce an accounting mismatch. Except for effective hedging instruments, derivatives are also categorised as fair value through profit or loss. Fair value movements are recognised in profit or loss.

Impairment of financial assets
The Company assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for financial assets carried at cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for similar financial assets.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Company for the annual reporting period ended 30 June 2018. The Company's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Company, are set out below.

AASB 9 Financial Instruments
The Company is required to adopt AASB 9 *Financial Instruments* from 1 July 2018. AASB 9 replaces AASB 139 *Financial Instruments: Recognition and Measurement*. It includes guidance on classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets and new general hedge accounting requirements. It also carries forward the guidance and derecognition of financial instruments from AASB 139.

Classification of financial assets and financial liabilities
AASB 9 contains a new classification and measurement approach for financial assets that reflects the business model in which the assets are managed and their cash flow characteristics.

Note 2. Significant accounting policies (continued)

The standard includes three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). It eliminates the existing AASB 139 categories of held to maturity, loans and receivables and available for sale.

Under AASB 9, derivatives embedded in contracts where the is a financial asset in the scope of the standard are never bifurcated. Instead, the whole hybrid instrument is assessed for classification. The Company currently holds a convertible loan note where the host contract is valued at amortised cost and the embedded derivative is valued at FVTPL (see note 11). Under the new standard, the entire hybrid contract would be valued at FVTPL. Based on the Company's assessment, it is not expected that this will have a material impact on the value of the Company's financial assets.

AASB 9 largely retains the existing requirements in AASB 139 for the classification of financial liabilities. However, although under AASB 139 all fair value changes of liabilities designated as at FVTPL are recognised on profit or loss, under AASB 9 these fair value changes are generally presented as follows:
- the amount of change in the fair value attributable to changes in the credit risk of the liability is presented in OCI; and
- the remaining amount of change in the fair value is presented in profit or loss.

Based on the Company's assessment, this standard is not expected to have a material impact on the classification of financial assets and financial liabilities of the Company. This is because:
- the financial instruments classified as held for trading under AASB 139 (derivatives) will continue to be classified as such under AASB 9;
- financial instruments currently measured at FVTPL under AASB 139 are designated into this category because they are managed on a fair value basis in accordance with the investment strategy. Accordingly, these financial instruments will be mandatorily measured at FVTPL under AASB 9; and
- financial instruments currently measured at amortised cost are: cash balances and receivables. These instruments meet the solely payments of principal and interest (SPPI) criterion and are held in a held to collect business model. Accordingly, they will continue to be measured at amortised cost under AASB 9.

Impairment of financial assets
AASB 9 replaces 'incurred loss' model in AASB139 with a forward looking 'expected credit loss' (ECL) model. This will require considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability weighted basis.

The new impairment model will apply to financial assets measured at amortised cost or FVOCI, except for investment in equity instruments.

Under AASB 9, loss allowances will be measured on either of the following bases:
- 12 month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Based on the Company's assessment, changes to the impairment model are not expected to have a material impact on the financial assets of the Company. This is because:
- the majority of the financial assets are measured at FVTPL and the impairment requirements do not apply to such instruments; and
- the financial asset at amortised cost are short term (i.e. no longer than 12 months), of high credit quality or highly collateralised. Accordingly, the ECLs on such assets are expected to be small.

Hedge accounting
The Company does not apply hedge accounting: therefore, AASB 9 hedge accounting related changes do not have an impact on the financial statements of the Company

Disclosures
AASB 9 will require extensive new disclosures, in particular about credit risk and ECLs. The Company has completed an analysis to identify data gaps against current processes and is designing the system and controls change that it believes will be necessary to capture the required data.

Note 2. Significant accounting policies (continued)

Transition
Changes in accounting policies resulting from the adoption of AASB 9 will generally be applied retrospectively, except as described below:
- the Company will take advantage of the exemption allowing it not to restate comparative information for prior periods with respect to classification and measurement (including impairment) changes. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of AASB 9 will be recognised in retained earnings and reserves as at 1 July 2018.

The following assessments have to be made by the Company on the basis of the facts and circumstances that exist at the date of initial application:
- the determination of the business model within which a financial asset is held.
- the designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.

AASB 15 Revenue from Contracts with Customers
The main objective of this standard is to provide a single revenue recognition model based on the transfer of goods and services and the consideration expected to be received in return for that transfer. The standard is applicable for annual reporting periods beginning on or after 1 January 2018.

The Company's main source of income is investment income, in the form of gains on listed & unlisted shares and derivatives, as well as interest and dividend income. All of these income types are outside the scope of the standard. The standard was assessed as not having a material impact on the Company's results in the current or future reporting periods. The Company will adopt this standard for annual reporting periods commencing on 1 July 2018.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (Investments at fair value through profit or loss - Note 11) within the next financial year are discussed below.

Fair value measurement hierarchy
The Company is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of regularly traded quoted instruments is based on current market prices, otherwise management make an assessment on the bid ask spread of the share price and will use a value within that range. The fair value of privately held investments (and instruments that are linked to their value) which are not currently traded in public market are estimated using valuation techniques, such as the Income Approach, the Market Approach and the Cost Approach; these valuation approaches are included in Level 3 of the hierarchy. 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 third party equity financing or significant change in operating performance or potential resulting in a change in valuation, and other pertinent information.

Income tax
The Company is subject to income taxes in Australia. Significant judgement is required in determining the provision for income tax.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences and tax losses only if the Company considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Note 4. Operating segments

Operating segments are identified based on the financial information periodically reviewed by the Board (representing the Chief Operating Decision Maker) in assessing the performance and determining the allocation of resources. As the Company operates in only one segment, all results presented in this financial report relate to the financial services segment.

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

Note 5. Revenue

	2018 $	28 Sep 2016 to 30 Jun 2017 $
Net gains/ (losses) on financial instruments measured at fair value through profit or loss		
Net realised gains on trading activities	19,317	1,155,241
Net unrealised losses on trading activities	(49,986)	(476,077)
Net realised loss on investment activities	(9,375)	-
Net unrealised loss on investment activities	(380,137)	-
	(420,181)	679,164
Other revenue		
Foreign exchange gains on foreign currency banknotes receivable (a)	168,534	-
Trading fee on foreign currency banknotes receivable (a)	610,103	-
Share in realised proprietary trading profits (b)	70,919	-
Interest	209,141	-
	1,058,697	-
Revenue	638,516	679,164

(a) refer to Note 11 for further detail.

(b) refer to Note 12 for further detail.

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.

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 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.

Note 6. Management and performance fees

In accordance with the Management Services Agreement which became operative on 11 May 2017, the Investment Manager, John Bridgeman Limited will receive a management fee of 3% per annum (plus GST) calculated and paid monthly in arrears based on the net tangible assets, excluding taxes, of the Company; and a performance fee.

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

Note 6. Management and performance fees (continued)

The Investment Manager has charged management fees of $694,035 (2017: $88,019) and performance fees of $474,795 (2017: Nil) including GST during the period. The total of $1,168,830 has been expensed as the Company is input taxed and not eligible to claim the GST component. As at 30 June 2018 and 30 June 2017, all management and performance fees had been settled in full and, included fees attributable to the convertible note transaction with JBTH. Following the exercise of ASX's direction to obtain shareholder approval, the Company formed the view that the fee should be recorded as repayable subject to the outcome of the shareholder meeting. The Company has entered into a repayment for the amount refundable over an 18 month period with a 11.5% interest per annum. Please refer to note 24, Events after the reporting period, for further information. As at 30 June 2018 this has been recorded as a receivable by the Company (note 12).

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

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

Note 7. Income tax

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

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

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

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

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

Deferred tax assets 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 taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future; or
- 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.

Note 7. Income tax (continued)

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

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

	2018 $	28 Sep 2016 to 30 Jun 2017 $
Income tax expense/(benefit)		
Current tax	-	165,540
Movement in deferred tax	(1,283,120)	(109,609)
Aggregate income tax expense/(benefit)	(1,283,120)	55,931
Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate		
Profit/(loss) before income tax (expense)/benefit	(4,277,068)	186,436
Tax at the statutory tax rate of 30%	(1,283,120)	55,931
Income tax expense/(benefit)	(1,283,120)	55,931

Deferred tax recognised in equity	2018 $	2017 $
Share issuance and listing costs	-	231,651

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 Company considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

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

	2018 $	2017 $
Deferred tax asset		
Deferred tax asset comprises temporary differences attributable to:		
Unrealised (gains) / losses on fair value through profit or loss assets	129,037	142,823
Unrealised (gains) / losses on trading investments	(50,560)	-
Accrued expenses	19,040	12,000
Capital raising costs (deductible over 5 years)	837	1,116
Share issuance and listing costs recognised in equity	138,991	185,322
Tax losses	1,418,619	-
Interest receivable	(31,583)	-
Deferred tax asset	1,624,381	341,261

Note 7. Income tax (continued)

	2018 $	2017 $
Provision for income tax		
Provision for income tax	162,808	165,540

Accounting policy for income tax
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
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Note 8. Cash and cash equivalents

	2018 $	2017 $
Cash at bank	549,237	6,625,608
Cash held with investment brokers - unrestricted	572,010	9,556,699
	1,121,247	16,182,307

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 9. Balances held with brokers - Current

	2018 $	2017 $
Balances held with brokers	86,886	3,507,097

This amount represents security against initial margins on open derivative positions.

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

Note 10. Derivative financial assets

	2018 $	2017 $
Exchange traded futures	23,073	7,976

Refer to note 18 for further information on fair value measurement.

Note 11. Investments at fair value through profit or loss

	2018 $	2017 $
Listed shares (a)	795,364	-
Foreign currency banknotes - designated at fair value through profit or loss (b)	7,567,612	-
Convertible loan - designated at fair value through profit or loss (c)	2,305,278	-
	10,668,254	-

Refer to note 18 for further information on fair value measurement.

(a) Listed ordinary shares consisted of 579,585 shares in the John Bridgeman Limited. Of the shares in the John Bridgeman Limited, 536,585 of those shares were bought back on 3 August 2018 (refer to Events after the reporting period) for $1,099,999 ($2.05 per share) cash which was the price paid for the shares on 17 November 2017. Refer to Note 18 for details on the fair value measurement at the reporting date

(b) Foreign currency banknotes are held in the custody of wholly-owned subsidiaries of JBFG, being JBFX Wholesale Pty Ltd ("JBFX"), ($4,359,627), which has secure storage facilities and operates a wholesale foreign currency business and with King's Currency Exchange Pty Ltd ("Kings") ($3,207,985) which operates 28 retail foreign currency exchanges. The banknotes are traded and managed by JBFX and Kings on behalf of the Company under services agreements which provide for a minimum return to the Company of 9% per annum on the Australian dollar value of the banknotes. Returns over 9% per annum on the banknotes are retained by JBFX as a fee for trading the banknotes on behalf of the Company. As owner of the banknotes, any foreign exchange movement in the value of the banknotes accrues to the Company. The Company has designated the instrument at fair value through profit or loss. The 9% return totalled $610,103 for the year and foreign exchange gain was $168,534. At 30 June 2018 $68,271 was included in receivables.

(c) On the 11 September 2017, the Company entered into a convertible loan agreement with JB Financial Group Pty Ltd ("JBFG") for $2,200,000. In the event of default, the loan is secured over 100% of the shares in Genesis Proprietary Trading Pty Ltd (Genesis), a wholly-owned subsidiary of JBFG. The agreement has a maturity of one year and a 9.65% annual interest rate applies in the calculation on the face value of the debt. At the Company's election and at anytime until maturity, the outstanding amount may be settled in: cash, or, shares in JBFG at a fixed rate of $6.14 per share, or, shares in Genesis at $9.98 per share. The Company has designated the whole instrument at fair value through profit or loss and there has been no movement in fair value of this instrument in the reporting period. For the year ended 30 June 2018 $169,840 of interest has been recognised and no unrealised fair value movements. As at 30 June 2018 $105,278 in interest is recorded as a receivable. Effective 1 July 2018, the Company extended the term of the loan agreement until 11 March 2020, and amended the agreement to allow the Company to elect to settle any outstanding amounts in shares in JB Trading House Pty Ltd, subject to regulatory requirements.

Note 12. Other receivables - Current

	2018 $	2017 $
Trading fee receivable on foreign currency banknotes (a)	68,271	-
Proprietary trading receivable (b)	70,919	-
Refundable management and performance fees (c)	4,553,773	-
	4,692,963	-
Short term advance repayable on demand	-	485,189
GST receivable	42,493	64,715
	42,493	549,904
	4,735,456	549,904

(a) Foreign currency banknotes are held in the custody of JBFX and Kings The Company earned $610,103 trading fee and a foreign exchange gain of $168,534 on the banknotes during the year. $68,271 of the fee remained collectable at 30 June 2018.

Note 12. Other receivables - Current (continued)

(b) On 16 October 2017, the Company entered into a trading facilitation arrangement with Genesis Proprietary Trading Pty Ltd (Genesis), a wholly owned subsidiary of JB Financial Group Pty Ltd (JBFG) (a controlled entity of the Investment Manager for accounting purposes). Under the agreement, trading profits earned or losses incurred, in excess of $20,000 per month, by traders of the Investment Manager using Genesis funding and trading platform are shared between Genesis and the Company, 5% and 95% respectively. The agreement continues on a monthly basis unless terminated with 30 days' notice by either party or terminated for cause by Genesis. As at 30 June 2018, the share in realised trading profit of $70,919 remains receivable from Genesis.

(c) Due to the convertible note transaction with JBTH a performance fee of $4,553,773 was paid for the period ending 30 June 2018. Following the exercise of ASX's discretion to require the Company to obtain shareholder approval, the Company formed the view that the fee should be recorded as repayable subject to the outcome of the shareholders meeting. The Company has entered into a repayment arrangement for the amount refundable over a period of 18 months, with interest of 11.5% per annum. Refer to note 24, Events after the reporting period, for further information.

Accounting policy for trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of receivables is raised when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Note 13. Derivative financial liabilities

	2018 $	2017 $
Derivative financial instruments	49,986	484,053

Refer to note 17 for further information on financial instruments.

Refer to note 18 for further information on fair value measurement.

Note 14. Trade and other payables - Current

	2018 $	2017 $
Trade payables	190,197	114,592
Brokerage fees payable	-	233,376
	190,197	347,968

Refer to note 17 for further information on financial instruments.

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 15. Issued capital

	2018 Shares	2017 Shares	2018 $	2017 $
Ordinary shares - fully paid	24,155,241	20,001,000	23,528,129	19,460,479

Movements in share capital

Details	Date	Shares	Issue price	$
Balance	28 September 2016	-		-
Ordinary shares issued	28 September 2016	1,000	$1.00	1,000
Ordinary shares issued under the replacement prospectus	4 May 2017	20,000,000	$1.00	20,000,000
Share issue costs		-	$0.00	(540,521)
Balance	30 June 2017	20,001,000		19,460,479
Listed options exercised	January 2018	469,000	$1.00	469,000
Listed options exercised	February 2018	2,856,144	$1.00	2,856,144
Dividend Reinvestment Plan shares issued	March 2018	829,097	$0.90	742,506
Balance	30 June 2018	24,155,241		23,528,129

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
During the year 3,325,144 options have been exercised at an exercise price of $1 per option.

Share buy-back
On 22 May 2018, the Company announced an on-market buy-back of up to 10% of its fully paid ordinary shares between 8 June 2018 and 10 June 2019. The Board has authorised management to determine the timing and manner of implementation of the buy-back. The maximum number of shares permitted to be purchased under the buy-back is 2,000,100. As at the date of this report the Company has not bought back any shares under the buy-back.

Capital risk management
The Company's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

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 would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment. The Company is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The capital risk management policy remains unchanged from the 2017 Annual Report.

Accounting policy for issued capital
Ordinary shares are classified as equity.

Note 15. Issued capital (continued)

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 16. Dividends

Dividends
Dividends paid during the financial year were as follows:

	2018 $	28 Sep 2016 to 30 Jun 2017 $
A special dividend of 12 cents per qualifying ordinary share (2016: nil) paid on 9 March 2018 by cash and by allottment of shares under the Company's Dividend Reinvestment Plan.	2,799,137	-

Franking credits

	2018 $	2017 $
Amount of franking credits available to shareholders of Benjamin Hornigold Limited for subsequent financial years	78,039	-
Franking credits available for subsequent financial years based on a tax rate of 30%	78,039	-

Dividend Reinvestment Plan

The Company introduced a Dividend Reinvestment Plan ("DRP") on 16 January 2018. Under the DRP, in respect of the dividend paid on 9 March 2018, shareholders were able to elect to reinvest their dividend entitlement in shares in the company at a 7.5% discount to the volume weighted average price at which the shares traded over the 10 day trading period commencing on the second day after the 9 February record date for the dividend. Shares were issued at $0.89556 per share under the DRP.

Accounting policy for dividends
Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

Note 17. Financial instruments

Financial risk management objectives
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 Management Services Agreement 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 in relation to investments in its role as Investment Manager for the Company. The engagement of an experienced Investment Manager is designed to minimise risk for the Company.

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

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

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

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

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

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

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

Note 17. Financial instruments (continued)

	2018 $	2017 $
United States Dollar	2,641,180	56,892
Euro	883,845	(168,540)
Great Britain Pound	644,023	28,749
New Zealand Dollar	570,851	-
Indonesian Rupiah	482,314	-
Thailand Baht	433,941	-
Japanese Yen	351,831	96,228
Singapore Dollar	277,375	-
Vietnamese Dong	237,854	-
Canadian Dollar	208,500	-
Fiji Dollar	194,831	-
Hong Kong Dollar	(459,607)	159,001
Other	914,521	1,065,280
Net foreign exchange exposure	7,381,459	1,237,610

Currency risk sensitivity analysis

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

	Sensitivity rates %	2018 AUD Stronger $	2018 AUD Weaker $
United States Dollar	3	(79,235)	79,235
Euro	3	(26,515)	26,515
Great Britain Pound	3	(19,321)	19,321
New Zealand Dollar	3	(17,126)	17,126
Indonesian Rupiah	3	(14,469)	14,469
Thailand Baht	3	(13,018)	13,018
Japanese Yen	3	(10,555)	10,555
Singapore Dollar	3	(8,321)	8,321
Vietnamese Dong	3	(7,136)	7,136
Canadian Dollar	3	(6,255)	6,255
Fiji Dollar	3	(5,845)	5,845
Hong Kong Dollar	3	13,788	(13,788)
Other	3	(27,436)	27,436

	Sensitivity rates %	2017 AUD Stronger $	2017 AUD Weaker $
Euro	3	5,056	(5,056)
United States Dollar	3	(1,706)	1,706
Great British Pound	3	(862)	862
Hong Kong dollar	3	(4,770)	4,770
Japanese Yen	3	(2,887)	2,887
Other	3	(31,958)	31,958

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

Note 17. Financial instruments (continued)

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

The 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.

Price risk sensitivity analysis

As at 30 June 2018 an increase of 2% in market prices applicable at the reporting date would have increased the Company's profit and net assets by $87,000. A decrease of 2% in market prices would have an equal and opposite effect. This analysis assumes that all other variables remain constant.

As at 30 June 2017 an increase of 7% in market prices applicable at the reporting date would have increased the Company's profit and net assets by $3,730,000. A decrease of 7% in market prices would have an equal and opposite effect. This analysis assumes that all other variables remain constant.

The sensitivity level demonstrated each year depends on the specific derivative contract open positions held at the balance date. The level is based on the initial margin percentage required to buy the derivative positions. The initial margin percentage requirement is considered to be a fair indicator of the perceived volatility of the derivative.

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

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

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

2018	**Non-interest bearing $**	**Floating interest rate $**	**Fixed interest rate $**	**Total $**
Financial Assets				
Cash and cash equivalents - at bank	549,237	-	-	549,237
Cash and cash equivalents - held with brokers (unrestricted)	572,010	-	-	572,010
Balances held with brokers (restricted)	86,886	-	-	86,886
Other receivables	4,735,456	-	-	4,735,456
Convertible loan	105,278	-	2,200,000	2,305,278
Foreign banknotes	7,567,612	-	-	7,567,612
	13,616,479	-	2,200,000	15,816,479

Note 17. Financial instruments (continued)

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

Interest rate risk sensitivity analysis

As the financial assets at 30 June 2018 and 30 June 2017 were either non-interest bearing or have fixed interest, a change in interest rates applicable at the reporting date would not have affected the Company's profit or net assets.

Maturity Analysis

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

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The Company obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Company does not hold any collateral.

Cash and balances held with brokers are held with highly rated Australian retail banks (AA-) and trading activities are conducted through A rated stockbrokers. Receivables are from the Australian Taxation Office, John Bridgeman Limited or entities which are controlled entities of John Bridgeman Limited for purposes of the accounting standards. The financial assets are categorised as follows:

Risk Rating	2018 $	2017 $
AAA	42,493	64,715
AA-	549,237	6,625,608
A	217,666	13,063,796
Unrated	15,007,083	485,189
	15,816,479	20,239,308

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

At 30 June 2018 and 30 June 2017, receivables were neither past due nor impaired.

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:

Note 17. Financial instruments (continued)

2018 Financial liabilities	Carrying amount $	Contractual cash flow $	At call $	6 months or less $
Open derivative positions	49,986	49,986	49,986	-
Current tax payable	162,808	162,808	-	162,808
Payables	190,196	190,196	-	190,196
	402,990	402,990	49,986	353,004

2017 Financial liabilities	Carrying amount $	Contractual cash flow $	At call $	6 months or less $
Open derivative positions	484,053	484,053	484,053	-
Current tax payable	165,540	165,540	-	165,540
Payables	347,968	347,968	-	347,968
	997,561	997,561	484,053	513,508

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 18. Fair value measurement

Fair value hierarchy

The following tables detail the Company's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

- 2018	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Listed ordinary shares in an inactive market (a)	-	-	795,364	795,364
Listed share options in an inactive market (a)	-	-	23,073	23,073
Foreign currency banknotes	-	7,567,612	-	7,567,612
Convertible loan	-	-	2,305,278	2,305,278
Total assets	-	7,567,612	3,123,715	10,691,327
Liabilities				
Derivative financial liabilities	49,986	-	-	49,986
Total liabilities	49,986	-	-	49,986

Note 18. Fair value measurement (continued)

- 2017	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Derivative financial assets	7,976	-	-	7,976
Total assets	7,976	-	-	7,976
Liabilities				
Derivative financial liabilities	484,053	-	-	484,053
Total liabilities	484,053	-	-	484,053

There were no transfers between levels during the financial year.

The carrying amounts of cash and cash equivalents, balances held with brokers and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

On the 11 September 2017, the Company entered into a convertible loan agreement with JBFG. The loan contains embedded derivatives which represent the Company's ability to convert any outstanding amount owing on the loan at any time to maturity into shares in JBFG or Genesis at a fixed price per share. Both JBFG and Genesis have unquoted equity instruments. The Company has assessed the current share price of both JBFG and Genesis in comparison to the strike price attached to the convertible loan and has determined that the value of the shares in JBFG and Genesis is less than the current conversion price, as a result the embedded derivative is valued at $NIL.

The host contract is valued at amortised cost using a discounted cash flow model for expected repayments.

During the year the Company has purchased a number of shares in JBL. The shares currently trade in a market with limited liquidity and therefore a market revenue multiple valuation has been used to deterimine the fair value of the ordinary shares held. The inputs into the valuation included a revenue forecast for the next 12 months multiplied by a market indicative multiple.

On 23 November 2017, the Company acquired 536,585 shares in JBL at $2.05 per share, with an attached option per share. The options may be exercised at any time until the maturity term of two years. Due to the lack of market activity for the listed options, a Black Scholes pricing model was utilised in valuing these options. At 30 June 2018, the options were valued at $23,073.The inputs into the model to value the options were:

-Exercise price per share $2.05
-Underlying price per share $1.37
-Expected volatility (weighted average) 34.35%
-Risk-free rate 2.5%
-Time to maturity 511 days

Note 18. Fair value measurement (continued)

Level 3 assets and liabilities
Movements in level 3 assets and liabilities during the current financial half are set out below.

	Convertible loan $	Listed shares in inactive market $	Listed share options in inactive market $	Total $
Balance at 28 September 2016	-	-	-	-
Balance at 30 June 2017	-	-	-	-
Additions	2,200,000	1,189,199	23,073	3,412,272
Unrealised gains / (losses) recognised in profit or loss under "Net gains/ (losses) on financial instruments at fair value through profit or loss"	-	(393,835)	-	(393,835)
Accrued interest on convertible loan	105,278	-	-	105,278
Balance at 30 June 2018	2,305,278	795,364	23,073	3,123,715

Note 18. Fair value measurement (continued)

The valuation techniques, unobservable inputs and sensitivity are as follows:

Description	Valuation method	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Convertible loan designated at fair value through profit or loss	Loan (host contract): the fair value of the loan was estimated using a present value cash flow technique calculated using a period end discount rate of 2.18% derived from a quoted bank bill swap rate with similar maturity.	Discount rate applied to future cash flows	The estimated fair value would increase/(decrease) if the discount rate applied was lower or (higher)
Convertible loan designated at fair value through profit or loss	Embedded derivative: a Black-Scholes pricing model	Expected volatility applied to the Black-Scholes option pricing model	The estimated fair value would increase/(decrease) if the volatility rate applied was lower or (higher)
Convertible loan designated at fair value through profit or loss	Embedded derivative: a Black-Scholes pricing model was used, which incorporated forecast earnings for the valuation of shares in Genesis Proprietary Trading Pty Ltd (Genesis)	- Forecast earnings - Market multiple	The estimated fair value would increase (decrease) if: - the forecast earnings were higher (lower); or - The market multiple was higher (lower).
Listed shares in an inactive market	Revenue multiple	- Forecast earnings - Market multiple	The estimated fair value would increase (decrease) if: - the forecast earnings were higher (lower); or - The market multiple was higher (lower).
Listed options in an inactive market	Black-Scholes pricing model	Discount rate applied to the Black-Scholes option pricing model	The estimated fair value would increase/(decrease) if the discount rate applied was lower or (higher)
Foreign currency banknotes	The fair value is determined using quoted spot exchange rates at the reporting date in the respective currencies	Not applicable	Not applicable

The valuation of the embedded derivative element of the convertible loan includes significant inputs that are subject to change and may have a material impact on the fair value of the convertible loan, which includes estimates on the EBITDA and estimates on the multiple used to determine the enterprise value of the underlying shares attached to the convertible note.

If the forecast EBITDA for JBFG was to increase/decrease by 5% the fair value of the convertible loan note is not expected to be materially impacted. Likewise, if the earnings multiple used to determine the Genesis enterprise value was to increase/decrease by 5% the fair value of the convertible loan note is not expected to be materially impacted.

Note 18. Fair value measurement (continued)

The valuation of the listed shares includes significant inputs that are subject to change and may have a material impact on the fair value of the share price, which includes estimates on the future revenue forecasts of JBL and estimates on the multiple used to determine the enterprise value.

If the forecast revenue of JBL was to increase/decrease by 5% the fair value of the shares would increase/decrease by $3,000. If the revenue multiple used to determine the JBL enterprise value was to increase/decrease by 15% the fair value of the shares would increase/decrease $9,000.

The valuation of the listed share options includes significant inputs that are subject to change and may have a material impact on the fair value of the option value, which includes an estimate of the risk free market rate of return.

If the risk free rate of return of JBL was to increase/decrease by 5% the impact on the fair value of the options is not expected to be material.

Accounting policy for fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Note 19. Key management personnel disclosures

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

Refer to the remuneration report contained in the directors’ report for details of the remuneration paid or payable to each member of the Company’s key management personnel (KMP) for the period ended 30 June 2018.

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

	30 June 2018 $	28 Sep 2016 to 30 June 2017 $
Short term employee benefits and fees	184,676	30,139

Other key management personnel
Short-term employee benefits and fees

Note 19. Key management personnel disclosures (continued)

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

Note 20. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by KPMG, the auditor of the Company:

	2018 $	28 Sep 2016 to 30 Jun 2017 $
Audit services - KPMG		
Audit or review of the financial statements	71,000	40,000

Note 21. Earnings per share

	2018 $	28 Sep 2016 to 30 Jun 2017 $
Profit/(loss) after income tax attributable to the owners of Benjamin Hornigold Ltd	(2,993,948)	130,505

	Cents	Cents
Basic earnings per share	(13.85)	3.10
Diluted earnings per share	(13.85)	3.03

In the calculation of diluted earnings per share, 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 the effect of the options. 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	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	21,620,676	4,203,899
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	-	106,409
Weighted average number of ordinary shares used in calculating diluted earnings per share	21,620,676	4,310,308

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 Benjamin Hornigold Ltd, 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 22. Contingent liabilities

The Company has no contingent liabilities at 30 June 2018.

Note 23. Related party transactions

Transactions with related parties include:

(i) The compensation arrangements with the Directors;

(ii) The interest in the Company held directly and indirectly by the Directors.

Related party disclosures in accordance with the Accounting Standards are provided on the basis that the Investment Manager has significant economic influence over investments performance and variable returns to the Investment Manager. The Investment Manager is John Bridgeman Limited. For the purpose of the Accounting Standards only, the Investment Manager may be considered to be a related party of the Company, not withstanding the fact the Investment Manager does not exercise control over the financial and operating policies of the Company.
Transactions with the Investment Manager and entities controlled by the Investment Manager for the purposes of the accounting standards:

(i) Management and performance fee paid to the Investment Manager.

(ii) Other costs recovered by the Investment Manager.

(iii) Brokerage fees paid to JB Markets Pty Ltd for investment broking services to the Company.

(iv) Proprietary trading sharing arrangement with Genesis Trading Pty Ltd.

(v) Provision of foreign banknotes to JBFX Wholesale Pty Ltd on a fee basis for trading purposes.

(vi) The Company holds shares in JBL which were acquired during the year and an unrealised loss of $370,762 was recorded in the estimated value of that investment in the year ended 30 June 2018.

Key management personnel
Disclosures relating to key management personnel are set out in note 19 and the remuneration report included in the Directors' report.

The following transactions occurred with the Investment Manager and entities controlled by the Investment Manager for the purposes of the accounting standards:

	2018 $	28 Sep 2016 to 30 Jun 2017 $
Sales / Revenue earned:		
Foreign currency gain / (loss) on bank notes traded through JBFX and Kings	168,534	-
Trading fee charged on foreign currency bank notes traded through JBFX and Kings	610,103	-
Realised profit on proprietary trading with Genesis	70,919	-
Interest earned on convertible loan to JBFG	169,840	-
Recharge by the Investment Manager of additional time costs in relation to audit and reports	85,692	-
Purchases / expenditure:		
Management and performance fees including GST charged by Investment Manager	1,168,830	88,019
Brokerage fees including GST charged by JBM	2,064,097	233,376
Commission charged by JBM	163,889	-
Other transactions:		
During the year the Company applied for and was allotted 536,585 ordinary shares and the same number of options over ordinary shares in the John Bridgeman Limited for $1,099,999. The Company also purchased 43,000 shares in the John Bridgeman Limited on market. These holdings at year end were valued at fair value of:	818,438	-
Short term advance from JBFX	-	485,189

Note 23. Related party transactions (continued)

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	2018 $	2017 $
Loans and other receivables:		
Convertible loan to JBFG	2,305,278	-
Receivable from Genesis	70,919	-
Foreign currency banknotes deposited with JBFX and Kings	7,567,612	-
Receivable from JBFX and Kings for fees on banknotes	68,271	-
Overpayment of performance fees to JBL- refundable	4,553,773	-
Interest receivable from JBFG in respect of convertible note	105,278	-

During the reporting period, the Investment Manager waived $757,000 (plus GST) of performance fees.

Note 24. Events after the reporting period

No matter or circumstance, other than the following, has arisen since 30 June 2018 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Exclusive trading arrangement

The Company announced on 6 June 2018 that the Board had approved in-principle terms for an exclusive trading arrangement with JB Trading House Pty Ltd ("JB Trading House"). JB Trading House is a wholly owned subsidiary of JB Financial Group Pty Ltd ("JB Financial Group") and is also the parent company of JB Markets Pty Ltd, JB Alpha Pty Ltd and Genesis Proprietary Trading Pty Ltd.

A summary of proposed transaction is as follows:
The Company will trade exclusively through JB Trading House subsidiaries for a period of five years in consideration for Convertible Notes with a total face value of $13,500,000; the Company will not provide cash to JB Trading House in return for the Convertible Notes; there are no minimum trading requirements imposed on the Company, and the transaction documents set out minimum service levels to be met by JB Trading House.

Following the execution of the transaction documents, ASX exercised its discretion to require the Company to obtain shareholders approval. The Company has lodged meeting material with ASX, including an independent experts report which concluded that the transaction was fair and reasonable to non-associated shareholders.

As at the date of this report ASX has not released the meeting material.

Resignation of Directors

Directors Vince Gordon and Simon Richardson resigned on 27 July and 31 July 2018 respectively.

Trading facility

On 2 August 2018 the Company was granted broker facilities consisting of a $1,000,000 Credit Line and a $5,000,000 Trading Line to provide additional capacity for trading of derivative futures contracts. Negative balances in the Company's account with the broker will attract interest at the market ask rate plus 5%pa but not less than 5%.

Sale of shares in a buy-back transaction

On 3 August 2018, 536,585 shares and options held by the Company in John Bridgeman Limited were bought back by John Bridgeman Limited at $2.05 for every one share with one option. The sale on 3 August had the effect of cancelling the purchase of those shares and options which were purchased at that same price on 17 November 2017. After the buy-back the Company holds 43,000 shares in the John Bridgeman Limited and no options. Total Cash consideration received on disposal was $ 1,099,999. At 30 June 2018, the carrying amount of the shares and options disposed was $795,364. The net realised gain on disposal was $304,635

Note 24. Events after the reporting period (continued)

Loan provided

On 8 August 2018 the Company made a loan of $1,134,000 to the Investment Manager, John Bridgeman Limited, for a term of one year at 11.5% pa interest.

Off-market takeover intention announced

On 10 September 2018 John Bridgeman Limited (JBL) announced it intends to make an off-market offer for all the shares in the Company which it does not own. The announcement stated that JBL intends to offer 0.65 JBL shares and 0.5 JBL options for each BHD share. Further information on the proposed bid is available on the Company's website: http://www.benjaminhornigold.com.au/investor-centre/announcements.html

{i}Convertible note extended{/I}

On 11 September 2018 the convertible note included in Investments at fair value through profit or loss in the Statement of financial position at fair value of $2,305,278 (refer Note 11), which had a maturity date of 11 September 2018 and an interest rate of 9.65%pa, was extended by 18 months to a maturity date of 11 March 2020.

Other Current Receivable converted to loan

On 17 September 2018 the Company agreed that in respect of the amount of $4,553,773 due from the Investment Manager and included in Other current Receivables in the Statement of financial position (refer note 12), $4,500,000 is to be repaid over a term of 18 months maturing on 18 March 2020, with an interest rate of 11.5%pa.

No other matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Note 25. Reconciliation of profit/(loss) after income tax to net cash used in operating activities

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.

	2018 $	28 Sep 2016 to 30 Jun 2017 $
Profit/(loss) after income tax (expense)/benefit for the year	(2,993,948)	130,505
Adjustments for:		
Net unrealised (gains) / losses	(815,217)	476,077
Change in operating assets and liabilities:		
Due from brokers	3,420,212	(3,507,097)
Deferred tax asset	(1,365,264)	(109,609)
Deferred tax liability	82,144	-
Provisions for income tax	(2,731)	165,540
Prepayments	(9,244)	-
Purchase of listed shares	(1,207,949)	-
Loans to related parties	(2,305,278)	-
Purchase of foreign currency notes	(6,788,974)	-
Net working capital movements	(5,370,345)	283,252
Net cash used in operating activities	(17,356,594)	(2,561,332)

Benjamin Hornigold Ltd
Directors' declaration
30 June 2018

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;

- the attached financial statements and notes give a true and fair view of the Company's financial position as at 30 June 2018 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the Directors

Stuart McAuliffe
Executive Chairman

30 September 2018

Independent Auditor's Report

To the shareholders of Benjamin Hornigold Limited

Report on the audit of the Financial Report

Opinion

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

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

- giving a true and fair view of the ***Company's*** financial position as at 30 June 2018 and of its financial performance for the year 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 2018;
- Statement of profit or loss and other comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended;
- Notes including a summary of significant accounting policies; and
- Directors' Declaration.

Basis for opinion

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

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

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

Key Audit Matters

The ***Key Audit Matters*** we identified are:

- Valuation of investments;
- Management and performance fee expenses; and
- Related party transactions.

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th colspan="2">Valuation of investments
- Derivative financial assets ($23,073)
- Listed shares ($795,364)
- Foreign currency banknotes ($7,567,612)
- Convertible loan ($2,305,278)</th></tr>
<tr><td colspan="2">Refer to Notes 11 and 18 to the Financial Report</td></tr>
<tr><th>The key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>The valuation of investments is considered a Key Audit Matter due to:
• the judgemental nature in the application of valuation techniques used to determine the fair value, as opposed to quoted market prices. This also applies to the listed shares given that they are not actively traded in the market;
• the valuation techniques applied to determine fair value of investments requires significant judgement, particularly, where the valuation inputs to these models were not observable in the market. These judgements include:
- forecast earnings;
- forecast growth rates; and
- implied revenue multiples.
This necessitated additional audit focus on the suitability and consistency with generally accepted valuation principles;
• the complexity of valuation models and techniques applied in estimating the fair value of investments;
• the determination of the fair value hierarchy due to the degree of complexity and judgement applied in the determination of the valuation of investments.
In assessing this Key Audit Matter, we involved senior audit team members and our valuation specialists, who understand the Company's investment profile, the businesses' of the underlying investments and the economic environment they operate in.</td><td>Our procedures included:
• working with our valuation specialists, we used our knowledge of the underlying businesses of the investee to assess the Company's valuations, including significant judgements and assumptions. This included:
- assessing the valuation methodology applied and the integrity of the valuation model used, including the accuracy of the underlying data;
- comparing the implied revenue multiples from comparable market transactions to the implied multiples from the Company's valuation;
- comparing the forecast earnings contained in the valuation models to the investees' management forecasts and examining the forecast earnings based on our understanding of the business and the economic environment it operates in;
- assessing the accuracy of the Company's forecasting by comparing previous forecasts to actual results;
- assessing the valuation methodology applied and the determination of the fair value hierarchy; and
- assessing the disclosure of the quantitative and qualitative considerations when determining the fair value hierarchy in the financial report of the Company in accordance with Australian Accounting Standards.</td></tr>
</table>

KPMG

Management and performance fee expenses ($1,168,830)

Refer to Note 6 to the Financial Report

The key audit matter	How the matter was addressed in our audit
The criteria for the determination of management and performance fees expenses ("fees") are set out in the Management Services Agreement. Fees charged by the Investment Manager, John Bridgeman Limited, are considered to be a Key Audit Matter due to: • the estimation uncertainty arising from the determination of net tangible assets due to the judgements required to determine the fair value of investments (as described above). This necessitated additional audit focus to assess the fees charged and paid to the Investment Manager.	Our procedures included: • evaluating the underlying valuations used in the determination of net tangible assets; • assessing other recharges from the Investment Manager which are not covered under the Management Services Agreement; and • assessing the fees charged by the Investment Manager based on the criteria set out in the Management Services Agreement and comparing these fees to the invoices raised by the Investment Manager and payments made by the Company.

Related party transactions

Refer to Note 23 to the Financial Report

The key audit matter	How the matter was addressed in our audit
The Company is a Listed Investment Company, managed by John Bridgeman Limited, the Investment Manager. John Bridgeman Limited is also the parent entity of a diverse group of companies with complex cross shareholdings. There are significant transactions between the Company and entities controlled by John Bridgeman Limited. Related party transactions are considered a key audit matter due to: • the complex nature of the John Bridgeman Limited Group structure and the judgement required to identify related party transactions; • the quantum of related party transactions relative to the Company's financial position and performance; and • the complexity of the related party transactions and the judgement required to determine the appropriate accounting treatment under Australian Accounting Standards.	Our procedures included: • reading contracts, agreements and other relevant documentation to understand the nature, terms and conditions of the transactions; • assessing the related party transactions recorded against our understanding of the arrangement and our understanding of the Company's business; • evaluating the accounting treatment adopted by the Company against the requirements of Australian Accounting Standards, including the involvement of technical accounting specialists for complex related party transactions; and • assessing the disclosure of related party transactions in accordance with Australian Accounting Standards.

KPMG

Other Information

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

The Other Information we obtained prior to the date of this Auditors' Report was the Directors' Report and Remuneration Report.

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

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; and
- assessing the Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. 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 the 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_responsibilities/ar2.pdf. This description forms part of our Auditor's Report.

KPMG

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Benjamin Hornigold Limited for the year ended 30 June 2018, complies with *Section 300A of the Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A of the Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in pages 10 to 14 of the Directors' Report for the year ended 30 June 2018.

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

KPMG

KPMG

Simon Crane
Partner

Brisbane
30 September 2018

Benjamin Hornigold Ltd
Additional Information for Listed Public Companies
30 June 2018

The following information is current as at 29 October 2018

1. **Shareholding**

a. **Distribution of Shareholders**

Category (size of holding):	Number Ordinary	Number Options
1 – 1,000	48	1
1,001 – 5,000	219	136
5,001 – 10,000	176	85
10,001 – 100,000	345	196
100,001 and over	36	29
	824	447

b. The number of shareholdings held in less than marketable parcels is Nil.

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

Shareholder:	Number of Ordinary Shares
Investment Administration Services Pty Ltd (IAS)	1,149,738

d. **Voting Rights**

The voting rights attached to each class of equity security are as follows:

Ordinary shares

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

Ordinary share options

– These options have no voting rights.

e. **20 Largest Shareholders – Ordinary Shares**

	Name	**Number of Ordinary Shares**	**% Held of Ordinary Shares**
1.	BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD DRP	1,776,553	7.35
2.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,169,012	4.84
3.	NILCOY PTY LTD <THE STUART FAMILY S/F A/C>	1,156,674	4.79
4.	VICTOR JOHN PLUMMER	1,239,807	5.13
5.	RAVENSWOOD SUPERANNUATION PTY LTD <THE GILBANK FAMILY SUPER A/C>	500,000	2.07
6.	BALMORRELL PTY LTD <THE BALMORRELL A/C>	500,000	2.07
7.	KNABLIG PTY LIMITED <THE GILBANK FAMILY A/C>	450,000	1.86
8.	PAVAO DAMJANOVIC DAMJANOVIC FAMILY	347,002	1.44
9.	LWP INSTALLATIONS AND MAINTENANCE PTY LTD <THE PANTELERIS FAMILY A/C>	320,278	1.33
10.	D&G SPRALJA PTY LTD SPRALJA SUPERFUND NO. 2	289,168	1.20
11.	MR JOHN ALFRED CLAREBROUGH & MRS PAMELA JUDITH CLAREBROUGH <WARRAWEE SUPER FUND A/C>	275,000	1.14
12.	MR PETER ALEXANDER BEVERIDGE & MRS ANNE JEAN BEVERIDGE <BEVERIDGE SUPER A/C>	275,000	1.14
13.	VIETCH HARTLEY PTY LTD	258,000	1.07
14.	MAULANI PTY LTD <MAULANI SUPER A/C>	227,000	0.94
15.	RJ & BE HUNTER SUPERANNUATION HOLDINGS PTY LTD <RJ & BE HUNTER S/F A/C>	215,462	0.89
16.	WELLINGTON CAPITAL LIMITED <WELLINGTON INV FUND A/C>	200,000	0.83
17.	GUNZ PTY LTD <GUNZ S/F A/C>	190,000	0.79
18.	JENNIFER JOAN HUTSON	188,000	0.78
19.	MOCKERIDGE SF PTY LTD <MOCKERIDGE SUPER FUND A/C>	181,439	0.75
20.	JENNIFER J HUTSON & ROBERT A HUTSON HUTSON SUPER FUND	180,000	0.75
		9,938,395	41.16

f. **20 Largest Shareholders – Ordinary Share Options**

	Name	Number of Ordinary Share Options	% Held of Ordinary Share Options
1.	BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD DRP	1,264,723	7.58
2.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,168,262	7.01
3.	JOHN BRIDGEMAN LIMITED	924,338	5.54
4.	RAVENSWOOD SUPERANNUATION PTY LTD <THE GILBANK FAMILY SUPER A/C>	500,000	3.00
5.	BALMORRELL PTY LTD <THE BALMORRELL A/C>	500,000	3.00
6.	C & A OAKLEY PTY LTD <C&A OAKLEY FAMILY A/C>	401,803	2.41
7.	MR BEN KURT PIPER	326,500	1.96
8.	MR MARK BUSKENS	302,139	1.81
9.	MR JOHN ALFRED CLAREBROUGH & MRS PAMELA JUDITH CLAREBROUGH <WARRAWEE SUPER FUND A/C>	300,000	1.80
10.	D&G SPRALJA PTY LTD SPRALJA SUPERFUND NO. 2	255,000	1.53
11.	MR DAVID JOHN BULL	251,000	1.51
12.	MR DAVID HEATH & MS PATRICIA JEFFERY <HEATH JEFFERY S/F A/C>	237,000	1.42
13.	MR GARY DAVID BEYNON	230,477	1.38
14.	MISS ELEANOR MARY CREAGH	203,570	1.22
15.	MR GREGORY VINE	200,000	1.20
16.	KNABLIG PTY LIMITED <THE GILBANK FAMILY A/C>	200,000	1.20
17.	RJ & BE HUNTER SUPERANNUATION HOLDINGS PTY LTD <RJ & BE HUNTER S/F A/C>	200,000	1.20
18.	MR DAVID HEATH & MS PATRICIA JEFFERY <HEATH JEFFERY S/F A/C>	188,000	1.13
19.	MOCKERIDGE SF PTY LTD <MOCKERIDGE SUPER FUND A/C>	160,000	0.96
20	MR PETER ALEXANDER BEVERIDGE & MRS ANNE JEAN BEVERIDGE <BEVERIDGE SUPER A/C>	150,000	0.90
		7,962,812	47.76

2. **Corporate Governance Statement**

The Company's Corporate Governance Statement is located on the Company's website:
URL https://www.benjaminhornigold.com.au/investor-centre/corporate-governance.html

3. **Company Secretary**

The Company Secretaries are Ms Jody Anne Wright and Mr Kevin John Mischewski.

4. **Registered Office**

Level 9, 123 Eagle Street, Brisbane, Queensland 4000.
Telephone +61 1300 110 436

5. **Registers of securities**

Link Market Services, Level 21, 10 Eagle Street, Brisbane, Queensland 4000.
Telephone +61 1300 554 474

6. **Stock Exchange Listing**

Quotation has been granted for all the ordinary shares and the ordinary share options of the Company on all Member Exchanges of the Australian Securities Exchange.

7. **On-market buy-back**

On 22 May 2018, the Company announced an on-market buy-back of up to 10% of its fully paid ordinary shares between 8 June 2018 and 10 June 2019. The Board has authorised management to determine the timing and manner of implementation of the buy-back.

8. **Transactions and management fees in respect of investments**

Throughout the period there were 402,664 transactions in respect of securities.
Broker commissions costs totalled $3,064,138.
Management and performance fees, including GST, totalled $1,168,830.

9. **Investments**

At 30 June 2018, the Company held the following investments

Balances held with brokers	**Initial margins paid AUD**	**Nominal value of contracts AUD**
Derivative contracts in respect of:		
Exchange-traded contracts for currencies:		
CME Japanese Yen 12,500,000 CME	54,135	3,109,013
INR/USD FX Futures 200 SIM	32,751	1,583,435
Total exchange traded contracts for currencies	86,886	4,692,448
Total balances held with brokers	86,886	4,692,448

Derivative financial assets	**Exchange Code**	**No. of Options**	**Value AUD**
John Bridgeman Limited – Listed options	NSX:JBLOF	536,585	23,073
Total derivative financial assets			23,073

Investments at fair value through profit or loss

Listed ordinary shares	**Exchange Code**	**No. of Shares**	**Value AUD**
John Bridgeman Limited	NSX:JBL	579,585	795,364
Total listed ordinary shares			795,364

Convertible Loan	**ACN**	**Value AUD**
JB Financial Group Pty Ltd	613 592 135	2,305,278
Total convertible loan		2,305,278

Foreign currency banknotes

Currency		**Foreign Currency Amount**	**AUD Equivalent**
AED	UAE DIRHAM	134,989	79,321
ARS	ARGENTINIAN PESOS	74,600	3,617
BRL	BRAZILIAN REAL	28,036	12,953
CAD	CANADIAN DOLLAR	124,086	208,500
CHF	SWISS FRANC	19,464	42,624
CLP	CHILEAN PESO	1,724,201	6,724
CNY	CHINESE RENMINBI YUAN	565,069	145,238
COP	COLUMBIAN PESO	10,935,610	7,440
CZK	CZECH REPUBLIC KORUNA	213,989	19,135
DKK	DANISH KRONER	75,121	25,871
EGP	EGYPTIAN POUND	5,600	425

Foreign currency banknotes (continued)

Currency		Foreign Currency Amount	AUD Equivalent
EUR	EURO	361,618	756,509
FJD	FIJI DOLLAR	236,032	194,831
GBP	UK POUND STERLING	241,716	603,644
HKD	HONG KONG DOLLAR	797,760	200,282
HUF	HUNGARIAN FORINT	1,894,275	11,852
HRK	CROATIA KUNA	53,456	15,935
IDR	INDONESIAN RUPIAH	3,594,625,744	482,314
ILS	ISRAEL SHEKEL	13,718	7,425
INR	INDIAN RUPEE	1,020,499	23,479
ISK	ICELANDIC KRONA	398,713	7,306
JOD	JORDANIAN DINAR	2,163	4,130
JPY	JAPANESE YEN	23,191,224	351,831
KES	KENYA SCHILLING	174,301	2,390
KRW	SOUTH KOREAN WON	15,947,607	29,680
LKR	SRI LANKA RUPEE	769,499	8,039
MAD	MOROCCO DIRHAM	23,000	3,276
MUR	MAURITIUS RUPEE	36,650	1,390
MXN	MEXICAN PESO	222,878	20,517
MYR	MALAYSIAN RINGGIT	154,139	83,615
NOK	NORWEGIAN KRONER	80,293	18,521
NPR	NEPALESE RUPEE	199,000	2,488
NZD	NEW ZEALAND DOLLAR	461,711	570,851
OMR	OMANI RIAL	250	883
PEN	PERUVIAN SOL	16,500	6,849
PGK	PAPUA NEW GUINEA KINA	17,333	13,968
PHP	PHILIPPINE PESO	1,070,871	41,723
PKR	PAKISTAN RUPEE	1,000	11
PLN	POLISH ZLOTYCH	15,183	8,720
QAR	QATAR RIYAL	3,270	1,218
RUB	RUSSIAN ROUBLE	308,000	6,664
SBD	SOLOMON ISLAND DOLLARS	13,942	4,518
SEK	SWEDISH KRONER	74,254	18,566
SGD	SINGAPORE DOLLAR	184,667	277,375
THB	THAILAND BAHT	7,419,474	433,941
TOP	TONGAN PA ANGA	2,694	2,341
TRY	TURKISH LIRE NEW	6,512	3,162
TWD	TAIWAN DOLLAR	342,722	23,672
USD	UNITED STATES DOLLAR	1,180,150	2,335,489
VND	VIETNAMESE DONG	2,722,673,265	237,854
VUV	VANUATU VATU	4,354,157	83,870
WST	SAMOAN TALA	22,757	21,242
XPF	FRENCH PACIFIC ISLANDS	2,053,618	43,532
ZAR	SOUTH AFRICAN RAND	345,377	49,861
Total foreign currency banknotes			7,567,612