

Benjamin Hornigold Ltd
Appendix 4D
Half-year report

1. Company details

Name of entity:	Benjamin Hornigold Ltd
ABN:	62 614 854 045
Reporting period:	For the half-year ended 31 December 2018
Previous period:	For the half-year ended 31 December 2017

2. Results for announcement to the market

			\$
Revenues from ordinary activities	down	107.9% to	(508,596)
Loss from ordinary activities after tax attributable to the owners of Benjamin Hornigold Ltd	down	161.5% to	(1,902,469)
Loss for the half-year attributable to the owners of Benjamin Hornigold Ltd	down	161.5% to	(1,902,469)
			31 December 2018 Cents
Basic earnings per share			(7.88)
Diluted earnings per share			(7.88)

Dividends

There were no dividends paid, recommended or declared during the current financial period.

Comments

The loss for the Company after providing for income tax amounted to \$1,902,469 (31 December 2017: profit of \$3,092,108).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>66.09</u>	<u>73.96</u>

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

There were no dividends paid, recommended or declared during the current financial period.

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Previous period

A special dividend of 12 cents per qualifying ordinary share was paid on 9 March 2018 by cash and by allotment of shares under the Company's Dividend Reinvestment Plan.

7. Dividend reinvestment plans

The following dividend or distribution plans are in operation:

The Company introduced a Dividend Reinvestment Plan ("DRP") on 16 January 2018. Under the DRP, shareholders are 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 record date for the dividend.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

11. Attachments

Details of attachments (if any):

The Interim Report of Benjamin Hornigold Ltd for the half-year ended 31 December 2018 is attached.

12. Signed

Signed 

Date: 28 February 2019

Benjamin Hornigold Ltd
Directors' report
31 December 2018

Introduction

The directors present their report, together with the financial statements, of Benjamin Hornigold Ltd (referred to hereafter as the 'Company') for the half-year ended 31 December 2018.

Directors

The following persons were Directors of Benjamin Hornigold Ltd during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Stuart McAuliffe - Executive Chairman
Peter Aardoom - Non-Executive Director
Bryan Cook - Non-Executive Director
Vince Gordon - Non-Executive Director (resigned 27 July 2018)
Simon Richardson - Non-Executive Director (resigned 31 July 2018)

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.

Review of operations for interim

The loss for the Company after providing for income tax amounted to \$1,902,469. The result for the period included net loss on financial instruments of \$1,322,140 of which \$43,290 was unrealised gain; commission expenses of \$1,211,328 as well as management fees of \$230,301. The tax benefit associated with the profit was \$815,343.

On 17 September 2018, the Company entered into a \$4,500,000 loan agreement with John Bridgeman Limited ('the Investment Manager' also 'JBL') for a term of 18 months at 11.5% p.a. interest. The loan was applied towards the repayment of \$4,169,237 (excluding GST) which included performance fees receivable from the Investment Manager.

Significant changes in the state of affairs

On 31 October 2018, JBL announced to the market in a bidder's statement an offer to acquire all of the Company's shares and options. In the offer, JBL offered 0.65 JBL shares for each of the Company's shares and 0.5 JBL options for each of the Company's options.

There were no other significant changes in the state of affairs of the Company during the financial half-year.

Matters subsequent to the end of the financial half-year

Takeover Panel Proceedings

On 10 September 2018, JBL announced its intention to make scrip off-market takeover bids to acquire all of the issued shares and options in the Company that it did not currently own (Bid). JBL declared the Bid free from conditions on 24 December 2018.

On 28 December 2018, an application was made by certain shareholders in the Company to the Takeovers Panel in respect of the Bid. At the time of the application, JBL had a relevant interest in 38.87% of the shares in the Company.

The Takeovers Panel determined to hear the application, and issued orders preventing JBL from processing acceptances received under the Bid.

On 25 January 2019, the Panel made a declaration of unacceptable circumstances in relation to the affairs of the Company, and made final orders. The effect of the final orders is that:

Benjamin Hornigold Ltd
Directors' report
31 December 2018

- on 19 February 2019, all acceptances received by JBL under the bid were cancelled;
- in order to proceed with the Bid, JBL and the Company must dispatch supplementary information to all target shareholders explaining among other things the effect of the Panel's declaration and orders;
- within a certain period JBL must repay a loan from the Company;
- JBL must then issue either a replacement bidder's statement including certain information prescribed in the orders or a supplementary bidder's statement stating the bid is closed or has been cancelled;
- if JBL does not dispatch the replacement bidder's statement before the dates specified in the orders, and the bid remains on foot, the bid is cancelled (and if JBL does not repay the loan, its bid for the Company is cancelled); and
- if the bid is not cancelled, within a certain period of JBL dispatching its replacement bidder's statement, the Company must dispatch a supplementary target's statement and supplementary independent expert's report to shareholders which specifically consider certain matters outlined in the orders.

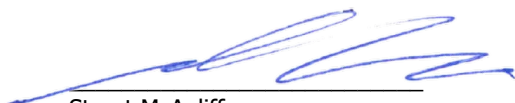
No other matter or circumstance has arisen since 31 December 2018 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

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.

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the Directors



Stuart McAuliffe
Managing Director

28 February 2019



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The Directors
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Auditor's Independence Declaration

In relation to the independent auditor's review for the half year ended 31 December 2018, to the best of my knowledge and belief there have been:

- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) no contraventions of APES 110 *Code of Ethics for Professional Accountants*.

PITCHER PARTNERS

NIGEL BATTERS
Partner

Brisbane, Queensland
28 February 2019

Ken Ogden
Nigel Fischer
Mark Nicholson

Peter Camenzuli
Jason Evans
Ian Jones

Kylie Lamprecht
Norman Thurecht
Brett Headrick

Warwick Face
Nigel Batters
Cole Wilkinson

Simon Chun
Jeremy Jones
Tom Splatt

James Field
Daniel Colwell

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Benjamin Hornigold Ltd
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Benjamin Hornigold Ltd
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2018

	Note	31 December 2018 \$	31 December 2017 \$
Revenue	5	(855,199)	6,366,189
Interest revenue calculated using the effective interest method		346,603	93,357
Total revenue		<u>(508,596)</u>	<u>6,459,546</u>
Expenses			
Management and performance fees	6	(230,301)	(834,022)
Broker commissions and exchange fees		(1,211,328)	(1,037,322)
Directors' fees		(72,295)	(106,577)
Other expenses		(691,298)	(59,346)
Finance costs		(3,994)	(4,982)
Total expenses		<u>(2,209,216)</u>	<u>(2,042,249)</u>
Profit/(loss) before income tax (expense)/benefit		(2,717,812)	4,417,297
Income tax (expense)/benefit		<u>815,343</u>	<u>(1,325,189)</u>
Profit/(loss) after income tax (expense)/benefit for the half-year attributable to the owners of Benjamin Hornigold Ltd		(1,902,469)	3,092,108
Other comprehensive income for the half-year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the half-year attributable to the owners of Benjamin Hornigold Ltd		<u>(1,902,469)</u>	<u>3,092,108</u>
		Cents	Cents
Basic earnings per share	13	(7.88)	15.46
Diluted earnings per share	13	(7.88)	15.46

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 31 December 2018

	Note	31 December 2018 \$	30 June 2018 \$
Assets			
Cash and cash equivalents	7	2,833,570	1,121,247
Balances held with brokers		107,955	86,886
Derivative financial assets		32,386	23,073
Investments at fair value through profit or loss	8	4,262,531	10,668,254
Other receivables	9	6,522,222	4,735,456
Prepayments		26,667	9,243
Deferred tax assets	10	<u>2,439,724</u>	<u>1,624,381</u>
Total assets		<u>16,225,055</u>	<u>18,268,540</u>
Liabilities			
Derivative financial liabilities		5,973	49,986
Trade and other payables		258,733	190,197
Current tax payable		<u>(2,732)</u>	<u>162,808</u>
Total liabilities		<u>261,974</u>	<u>402,991</u>
Net assets		<u>15,963,081</u>	<u>17,865,549</u>
Equity			
Issued capital	11	23,528,129	23,528,129
Accumulated losses		<u>(7,565,048)</u>	<u>(5,662,580)</u>
Total equity		<u>15,963,081</u>	<u>17,865,549</u>

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 half-year ended 31 December 2018

	Issued capital \$	Retained profits \$	Total equity \$
Balance at 1 July 2017	19,460,479	130,505	19,590,984
Profit after income tax expense for the half-year	-	3,092,108	3,092,108
Other comprehensive income for the half-year, net of tax	-	-	-
Total comprehensive income for the half-year	-	3,092,108	3,092,108
Balance at 31 December 2017	<u>19,460,479</u>	<u>3,222,613</u>	<u>22,683,092</u>
	Issued capital \$	Retained profits \$	Total equity \$
Balance at 1 July 2018	23,528,129	(5,662,579)	17,865,550
Loss after income tax benefit for the half-year	-	(1,902,469)	(1,902,469)
Other comprehensive income for the half-year, net of tax	-	-	-
Total comprehensive income for the half-year	-	(1,902,469)	(1,902,469)
Balance at 31 December 2018	<u>23,528,129</u>	<u>(7,565,048)</u>	<u>15,963,081</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Benjamin Hornigold Ltd
Statement of cash flows
For the half-year ended 31 December 2018

	31 December 2018 \$	31 December 2017 \$
Cash flows from operating activities		
Net proceeds on sale / (purchase) of investments	(1,673,515)	4,142,278
Management and performance fees paid	(192,822)	(768,784)
Payments from / (to) brokers for initial trading margin	95,040	153,524
Commissions and brokerage fees paid	(1,105,288)	(1,200,756)
Payments for operating and administrative expenses	(669,230)	(267,760)
Interest received	150,227	93,357
Income tax paid	(165,540)	-
GST refund	114,591	-
	<hr/>	<hr/>
	(3,446,537)	2,151,859
Interest and other finance costs paid	(3,994)	(4,982)
Foreign currency notes purchased	(2,050,000)	(10,399,082)
Foreign currency notes sold	7,948,028	-
Proceeds from foreign currency revenue	98,980	-
Sale of listed shares and options	1,099,999	-
Purchase of listed shares	-	(1,489,199)
Convertible loan	-	(2,200,000)
	<hr/>	<hr/>
Net cash from/(used in) operating activities	3,646,476	(11,941,404)
Cash flows from investing activities		
Loans to related parties	(1,934,153)	485,189
	<hr/>	<hr/>
Net cash from/(used in) investing activities	(1,934,153)	485,189
Cash flows from financing activities		
Net cash from financing activities	-	-
	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents	1,712,323	(11,456,215)
Cash and cash equivalents at the beginning of the financial half-year	1,121,247	16,182,307
	<hr/>	<hr/>
Cash and cash equivalents at the end of the financial half-year	<u>2,833,570</u>	<u>4,726,092</u>

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

Benjamin Hornigold Ltd
Notes to the financial statements
31 December 2018

Note 1. Reporting Entity

Benjamin Hornigold Ltd (the 'Company') is a listed public investment company domiciled in Australia. These interim financial statements as at and for the period ended 31 December 2018 comprise the Company only.

The annual financial statements of the Company as at and for the year ended 30 June 2018 are available at www.benjaminhornigold.com.au

The financial statements were authorised by the Board of Directors on 28 February 2019.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2018 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2018 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

Investments at fair value through profit or loss

Investments 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.

Share in proprietary trading profits

Share in realised proprietary trading profit consists of the Company's ninety five percent share of net trading profits generated under a Trading Facilitation Agreement with Genesis Proprietary Trading Pty Ltd (Genesis). Net trading profit is made up of net trading gains from exchange-traded contracts less all exchange fees, brokerage fees and charges levied by Genesis.

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 Company adopted AASB 9 from 1 July 2018. All of the Company's investments in financial assets continue to be accounted for at fair value through profit or loss under the new standard. First time application of AASB 9 has no impact on the Company's accounting for its financial assets. On initial application of AASB 9, the Company also adopted the expected credit loss impairment model. The adoption had no material impact on the carrying value of the Company's receivables.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

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 (refer to the respective notes) within the next financial year are discussed below.

Benjamin Hornigold Ltd
Notes to the financial statements
31 December 2018

Note 3. Critical accounting judgements, estimates and assumptions (continued)

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 quoted instruments is based on current bid prices. 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 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 regularly reviewed by the Managing Director (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

	31 December 2018	31 December 2017
	\$	\$
<i>Net gains/ (losses) on financial instruments measured at fair value through profit or loss</i>		
Net realised gain / (loss) on trading activities	(1,705,902)	4,142,278
Net unrealised gain on trading activities	76,400	754,798
Net realised gain on investment activities	340,472	-
Net unrealised gain / (loss) on investment activities	(33,110)	318,075
	(1,322,140)	5,215,151
<i>Other revenue</i>		
Foreign exchange gains / (losses) on foreign currency banknotes receivable (a)	224,919	(130,388)
Trading fee on foreign currency banknotes receivable (a)	127,431	180,249
Share in realised proprietary trading profits (b)	-	1,101,177
GST refund (c)	114,591	-
	466,941	1,151,038
Revenue	(855,199)	6,366,189

(a) refer to Note 8 for further detail.

Benjamin Hornigold Ltd
Notes to the financial statements
31 December 2018

Note 5. Revenue (continued)

(b) refer to Note 9 for further detail.

(c) During the half-year the Company conducted a review of GST payments made during the 2017 and 2018 financial years. The Company has received a refund of GST previously paid in respect of reduced input tax credit amounts available.

Note 6. Management and performance fee

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

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

The Manager has charged management fees of \$230,301 and no performance fees during the period. At 31 December 2018, \$37,480 remained outstanding in payables for management and performance fees.

Further detail on the contract and termination provisions can be found in the latest annual financial report.

See note 14 for details of other transactions with related parties of the Investment Manager.

Note 7. Cash and cash equivalents

	31 December 2018	30 June 2018
	\$	\$
Cash at bank	177,122	549,237
Cash held with investment brokers - unrestricted	2,656,448	572,010
	<u>2,833,570</u>	<u>1,121,247</u>

Note 8. Investments at fair value through profit or loss

	31 December 2018	30 June 2018
	\$	\$
Listed shares (a)	25,800	795,364
Foreign currency banknotes - designated at fair value through profit or loss (b)	1,824,430	7,567,612
Convertible loan - designated at fair value through profit or loss (c)	2,412,301	2,305,278
	<u>4,262,531</u>	<u>10,668,254</u>

Refer to note 12 for further information on fair value measurement.

(a) Listed shares consisted of 43,000 (31 December 2017: 579,585) shares in JBL. On 3 August 2018, 536,585 JBL shares were bought back for \$1,099,999 (\$2.05 per share) cash which was the price paid for the shares on 17 November 2017. Refer to Note 12 for details on the fair value measurement at the reporting date.

Benjamin Hornigold Ltd
Notes to the financial statements
31 December 2018

Note 8. Investments at fair value through profit or loss (continued)

(b) Foreign currency banknotes are held in the custody of a wholly-owned subsidiary of JB Financial Group Pty Ltd ("JBFG"), King's Currency Exchange Pty Ltd ("King's") which operates 28 retail foreign currency exchanges. The banknotes are traded and managed by Kings on behalf of the Company under services agreements which provide for a minimum return to the Company of 5% per annum on the Australian dollar value of the banknotes. Returns over 5% per annum on the banknotes are retained by Kings's 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 5% return totalled \$127,431 (31 December 2017: \$180,249) for the half year and foreign exchange gain was \$76,424 (31 December 2017: \$130,388) . At 31 December 2018 \$89,931 (30 June 2018: \$68,271) was included in receivables.

(c) 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, a wholly-owned subsidiary of JBFG. The agreement had 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 any time 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 half year ended 31 December 2018 \$107,023 (30 June 2018: \$105,278) of interest has been recognised and no unrealised fair value movements. As at 31 December 2018, all interest is outstanding as receivables. 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 9. Other receivables

	31 December 2018	30 June 2018
	\$	\$
Trading fee receivable on foreign currency banknotes	18,299	68,271
Proprietary trading receivable (a)	70,919	70,919
Short term advance repayable on demand	53,773	4,553,773
Short-term loan (b)	834,323	-
	<u>977,314</u>	<u>4,692,963</u>
Loans to related parties (c)	5,504,620	-
Other receivables- GST	40,288	42,493
	<u>5,544,908</u>	<u>42,493</u>
	<u><u>6,522,222</u></u>	<u><u>4,735,456</u></u>

(a) On 16 October 2017, the Company entered into a trading facilitation arrangement with Genesis, a wholly owned subsidiary of JBFG (a controlled entity of the Investment Manager for accounting purposes). Under the agreement, trading profits earned by traders of the Investment Manager using Genesis funding and trading platform are shared between Genesis and the Company, 5% and 95% respectively. After an initial term of three months the agreement continues on a monthly basis unless terminated with 30 days' notice by either party or terminated for cause by Genesis. The Company may withdraw its share of profits at intervals during the term of the agreement and any net trading losses remaining at the end of the arrangement are borne by Genesis. As at 31 December 2017, the share in realised trading profit remains receivable from Genesis.

(b) On 24 December 2018, the Company entered into a loan agreement with Genesis for \$800,000 at 9% p.a. interest rate. The maturity date of the loan is 31 October 2019.

Benjamin Hornigold Ltd
Notes to the financial statements
31 December 2018

Note 9. Other receivables (continued)

(c) On 8 August 2018 the Company made a loan of \$1,134,000 to the JBL for a term of one year at 11.5% pa interest. On 16 October 2018 the term of the loan was extended to 8 February 2020. For the half year ended 31 December 2018 \$53,958 of interest has been recognised.

On 17 September 2018, the Company entered into a \$4,500,000 loan agreement with JBL for a term of 18 months at 11.5% p.a. interest. The loan was applied towards the repayment of \$4,169,237 (excluding GST) which included performance fees receivable from the Investment Manager. For the year ended 31 December 2018 \$148,870 of interest has been recognised.

Note 10. Deferred tax assets

	31 December 2018	30 June 2018
	\$	\$
<i>Deferred tax asset comprises temporary differences attributable to:</i>		
Amounts recognised in profit or loss:		
Tax losses	2,513,334	1,418,619
Accrued expenses	17,420	19,040
Capital raising costs (Deductible over 5 years)	8,443	837
Unrealised (gains)/Losses on financial assets	9,933	129,037
Interest receivable	(134,836)	(31,583)
Unrealised (gains) / losses on trading assets	(90,396)	(50,560)
	<u>2,323,898</u>	<u>1,485,390</u>
Amounts recognised in equity:		
Transaction costs on share issue	115,826	138,991
Deferred tax assets	<u>2,439,724</u>	<u>1,624,381</u>

Note 11. Issued capital

	31 December 2018	30 June 2018	31 December 2018	30 June 2018
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>24,155,241</u>	<u>24,155,241</u>	<u>23,528,129</u>	<u>23,528,129</u>

Ordinary shares

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

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

Options on issue

There have been no movements in options on issue during the half-year.

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.

Benjamin Hornigold Ltd
Notes to the financial statements
31 December 2018

Note 12. 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

- 31 December 2018	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<i>Assets</i>				
Listed ordinary shares	-	-	25,800	25,800
Foreign currency banknotes	-	1,824,430	-	1,824,430
Convertible Loan	-	-	2,412,301	2,412,301
Total assets	<u>-</u>	<u>1,824,430</u>	<u>2,438,101</u>	<u>4,262,531</u>
<i>Liabilities</i>				
Derivative financial liabilities	<u>23,509</u>	-	-	<u>23,509</u>
Total liabilities	<u>23,509</u>	-	-	<u>23,509</u>
- 30 June 2018	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<i>Assets</i>				
Listed ordinary shares (a)	-	-	795,364	795,364
Listed share options in an inactive market (a)	-	-	23,073	23,073
Convertible loan	-	-	2,305,278	2,305,278
Foreign currency banknotes	-	7,567,612	-	7,567,612
Total assets	<u>-</u>	<u>7,567,612</u>	<u>3,123,715</u>	<u>10,691,327</u>
<i>Liabilities</i>				
Derivative financial liabilities	<u>49,986</u>	-	-	<u>49,986</u>
Total liabilities	<u>49,986</u>	-	-	<u>49,986</u>

(a) Includes listed option without active market trading activity.

There were no transfers between levels during the financial half-year.

On 3 August 2018, 536,585 shares held by the Company in JBL were bought back by JBL at \$2.05 for each share with its one attached option. The sale on 3 August 2018 had the effect of cancelling the acquisition of these shares (and attached options) which were purchased at that same price on 17 November 2017. Total cash received by the Company on disposal was \$1,099,999. At 30 June 2018 the carrying amount of the shares and options disposed was \$759,428. The net realised gain on the disposal of these securities was \$340,571. After the buy-back the Company holds 43,000 shares in John Bridgeman Limited and no options.

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 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.

Benjamin Hornigold Ltd
Notes to the financial statements
31 December 2018

Note 12. Fair value measurement (continued)

Level 3 assets and liabilities

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

	Convertible loan \$	Listed shares in inactive market \$	Listed Options in inactive market \$	Total \$
Balance at 1 July 2018	2,305,278	795,364	23,073	3,123,715
Disposals	-	-	(23,073)	(23,073)
Realised gains recognised in profit or loss under "Net gains/ (losses) on financial instruments at fair value through profit or loss"	-	363,545	-	363,545
Unrealised loss recognised in profit or loss under "Net gains/ (losses) on financial instruments at fair value through profit or loss"	-	(33,110)	-	(33,110)
Accrued interest on convertible loan	107,023	-	-	107,023
Share buyback	-	(1,099,999)	-	(1,099,999)
Balance at 31 December 2018	<u>2,412,301</u>	<u>25,800</u>	<u>-</u>	<u>2,438,101</u>

Note 13. Earnings per share

	31 December 2018 \$
Profit/(loss) after income tax attributable to the owners of Benjamin Hornigold Ltd	<u>(1,902,469)</u>
	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>24,155,241</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>24,155,241</u>
	Cents
Basic earnings per share	(7.88)
Diluted earnings per share	(7.88)

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.

Benjamin Hornigold Ltd
Notes to the financial statements
31 December 2018

Note 14. Related party transactions

In the normal course of business, the Company transacts with entities regarded as related parties for accounting purposes. In accordance with the expanded definition of related party in AASB 124 'Related Party Disclosures', the Company may be required to disclose transactions with the entities included below, notwithstanding the fact that the Company does not exercise control over the financial and operating policies of those entities.

For the purpose of this report, any reference to a related party is in accordance with the expanded definition of that term under the Accounting Standards.

Related party transactions include:

- (i) The compensation arrangements with the Chairperson and each of the Executives and Non-Executive Directors;
- (ii) The interest in the Company held directly and indirectly by the Chairperson and Executive Directors.

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 for additional services provided.
- (iii) Brokerage fees paid to JBM for investment broking services to the Company.
- (iv) Proprietary trading sharing arrangement with Genesis.
- (v) Provision of foreign banknotes to JBFX Wholesale Pty Ltd (JBFX) on a fee basis for trading purposes.
- (vi) The Company holds 43,000 (31 December 2017: 579,585) shares in JBL and no (31 December 2017: 536,585) options. An unrealised loss of \$33,110 was recorded in the estimated value of this investment in the period ended 31 December 2018 (31 December 2017: unrealised loss \$30,029). Furthermore, on 3 August 2018, 536,585 shares held by the Company in JBL were bought back by JBL at \$2.05 for each share with its one attached option. The sale on 3 August 2018 had the effect of cancelling the acquisition of these shares (and attached options) which were purchased at that same price on 17 November 2017. Total cash received by the Company on disposal was \$1,099,999. At 30 June 2018 the carrying amount of the shares and options disposed was \$759,428. The net realised gain on the disposal of these securities was \$340,571.

	31 December 2018	31 December 2017
	\$	\$
Sales / revenue earned:		
Foreign currency gain / (loss) on bank notes traded through JBFX and King's	76,424	(130,388)
Trading fee charged on foreign currency bank notes traded through JBFX and King's	127,431	180,249
Realised profit on proprietary trading with Genesis	-	1,101,177
Interest earned on convertible loan to JBFG	107,023	64,562
Purchases / expenditure:		
Management and performance fees charged by Investment Manager	230,301	834,022
Brokerage fees charged by JBM	885,961	696,209
Commissions charged JBM	61,260	-

Note 15. Events after the reporting period

Takeover Panel Proceedings

On 10 September 2018, JBL announced its intention to make scrip off-market takeover bids to acquire all of the issued shares and options in the Company that it did not currently own (Bid). JBL declared the Bid free from conditions on 24 December 2018.

On 28 December 2018, an application was made by certain shareholders in the Company to the Takeovers Panel in respect of the Bid. At the time of the application, JBL had a relevant interest in 38.87% of the shares in the Company.

The Takeovers Panel determined to hear the application, and issued orders preventing JBL from processing acceptances received under the Bid.

Benjamin Hornigold Ltd
Notes to the financial statements
31 December 2018

Note 15. Events after the reporting period (continued)

On 25 January 2019, the Panel made a declaration of unacceptable circumstances in relation to the affairs of the Company, and made final orders. The effect of the final orders is that:

- on 19 February 2019, all acceptances received by JBL under the bid were cancelled;
- in order to proceed with the Bid, JBL and the Company must dispatch supplementary information to all target shareholders explaining among other things the effect of the Panel's declaration and orders;
- Within a certain period JBL must repay a loan from the Company;
- JBL must then issue either a replacement bidder's statement including certain information prescribed in the orders or a supplementary bidder's statement stating the bid is closed or has been cancelled;
- If JBL does not dispatch the replacement bidder's statement before the dates specified in the orders, and the bid remains on foot, the bid is cancelled (and if JBL does not repay the loan, its bid for the Company is cancelled); and
- If the bid is not cancelled, within a certain period of JBL dispatching its replacement bidder's statement, the Company must dispatch a supplementary target's statement and supplementary independent expert's report to shareholders which specifically consider certain matters outlined in the orders.

No other matter or circumstance has arisen since 31 December 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.

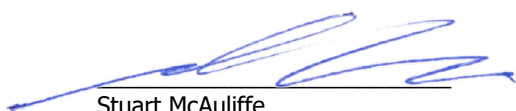
**Benjamin Hornigold Ltd
Directors' declaration
31 December 2018**

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Company's financial position as at 31 December 2018 and of its performance for the financial half-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.

Signed in accordance with a resolution of Directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the Directors



Stuart McAuliffe
Managing Director

28 February 2019



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Independent Auditor's Review Report to the Members of Benjamin Hornigold Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Benjamin Hornigold Limited ("the Company"), which comprises the condensed statement of financial position as at 31 December 2018, the condensed statement of profit or loss and comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Ken Ogden
Nigel Fischer
Mark Nicholson

Peter Camenzuli
Jason Evans
Ian Jones

Kylie Lamprecht
Norman Thurecht
Brett Headrick

Warwick Face
Nigel Batters
Cole Wilkinson

Simon Chun
Jeremy Jones
Tom Splatt

James Field
Daniel Colwell

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Benjamin Hornigold Limited is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.



PITCHER PARTNERS



NIGEL BATTERS

Partner

Brisbane, Queensland
28 February 2019