

**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 2017
Previous period:	For the half-year ended 31 December 2016

**2. Results for announcement to the market**

				\$
Revenues from ordinary activities	up	-	to	6,459,545
Profit from ordinary activities after tax attributable to the owners of Benjamin Hornigold Ltd	up	-	to	3,092,107
Profit for the half-year attributable to the owners of Benjamin Hornigold Ltd	up	-	to	3,092,107
				<b>31 December 2017 Cents</b>
Basic earnings per share				15.46
Diluted earnings per share				15.46

*Dividends*

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

*Comments*

The profit for the Company after providing for income tax amounted to \$3,092,107 (31 December 2016: \$nil).

**3. Net tangible assets**

	<b>Reporting period Cents</b>	<b>Previous period Cents</b>
Net tangible assets per ordinary security	<u>113.41</u>	<u>97.95</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.

*Previous period*

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

Benjamin Hornigold Ltd  
Appendix 4D  
Half-year report

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**7. Dividend reinvestment plans**

*The following dividend or distribution plans are in operation:*

The last date(s) for receipt of election notices for the dividend or distribution plans: 09 February 2018

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**8. Details of associates and joint venture entities**

Not applicable.

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**9. Foreign entities**

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

Not applicable.

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**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.

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**11. Attachments**

*Details of attachments (if any):*

The Interim Report of Benjamin Hornigold Ltd for the half-year ended 31 December 2017 is attached.

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**12. Signed**



Signed \_\_\_\_\_

Date: 14 February 2018

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BENJAMIN  
HORNIGOLD  
LIMITED

*Interim Financial Report*  
FOR THE PERIOD ENDED  
31 DECEMBER 2017

BENJAMIN HORNIGOLD LTD  
ACN 614 854 045

**Benjamin Hornigold Ltd  
Directors' report  
31 December 2017**

**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 2017.

**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 (appointed Director 28 September 2016 and Executive Chairman in February 2017)

Peter Aardoom - Non-Executive Director (appointed 14 February 2017)

Bryan Cook - Non-Executive Director (appointed 29 September 2016, resigned 15 February 2017 and re-appointed 7 September 2017)

Vince Gordon - Non-Executive Director (appointed 14 March 2017)

Simon Richardson - Non-Executive Director (appointed 14 February 2017)

**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 profit for the Company after providing for income tax amounted to \$3,092,107. The result for the period included net gain on financial instruments of \$5,215,150; commission expenses of \$1,037,322, as well as management and performance fees of \$834,022. The tax expense associated with the profit was \$1,325,189.

During the period, the Company acquired shares and options in listed securities. By period end, the value of the shares was \$1,449,795 and the value of the options was \$123,629 representing a net unrealised gain of \$84,225. The directors believe these securities are complementary to other portfolio investments.

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) (a controlled entity of the Investment Manager, John Bridgeman Limited for accounting standard purposes). Under the agreement, trading profits earned by traders of the Investment Manager, acting on behalf of the Company, using Genesis funding and trading platform are shared between Genesis and the Company, 5% and 95% respectively. 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. 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's share of trading profits under this agreement totalled \$1,101,177 to 31 December 2017.

On the 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 31 December 2017, the entire instrument was valued to be worth \$2,433,850.

In two tranches from 20 September to 21 November 2017, the Company acquired foreign currency banknotes valued at \$10,448,944 on 31 December 2017. The banknotes are to be 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 period ended 31 December the Company incurred an unrealised foreign exchange loss of \$130,388 and earned a return of \$180,249 on the banknotes.

**Significant changes in the state of affairs**

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

**Benjamin Hornigold Ltd  
Directors' report  
31 December 2017**

**Matters subsequent to the end of the financial half-year**

On 15 January 2018, the Company announced a special dividend of 12 cents per share. The record date for the dividend is 9 February 2018 and the payment date is 9 March 2018. A dividend reinvestment plan ('DRP') will operate in respect of the dividend and shares under the DRP will be issued to shareholders who elect to participate in the DRP at a 7.5% discount to the 10 day volume weighted average price of shares prior to the issue date. The level of franking has not yet been determined. The dividend will total \$2,799,137 payable in cash or by the issue of shares under the DRP.

Since the end of the half-year the Company has issued 3,325,144 fully paid ordinary shares at \$1.00 per share pursuant to the exercise of listed options. At the date of this report, which is prior to the issue of any shares under the DRP, there are 23,326,144 shares on issue and 16,674,856 listed options exercisable at \$1.00 at any time before 28 April 2020.

No other matter or circumstance has arisen since 31 December 2017 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



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Stuart McAuliffe  
Executive Chairman

14 February 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 review of Benjamin Hornigold Limited for the half-year ended 31 December 2017 there have been:

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

*KPMG*

KPMG

Simon Crane  
Partner

Brisbane  
14 February 2018

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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 2017**

	<b>Note</b>	<b>31 December 2017 \$</b>	<b>31 December 2016 \$</b>
<b>Revenue</b>	5	6,459,545	-
Total revenue		<u>6,459,545</u>	<u>-</u>
<b>Expenses</b>			
Management and performance fees	6	(834,022)	-
Broker commissions costs		(1,037,322)	-
Directors' fees		(106,577)	-
Other expenses		(59,346)	-
Finance costs		(4,982)	-
Total expenses		<u>(2,042,249)</u>	<u>-</u>
<b>Profit before income tax expense</b>		4,417,296	-
Income tax expense		<u>(1,325,189)</u>	<u>-</u>
<b>Profit after income tax expense for the half-year attributable to the owners of Benjamin Hornigold Ltd</b>		3,092,107	-
Other comprehensive income for the half-year, net of tax		<u>-</u>	<u>-</u>
<b>Total comprehensive income for the half-year attributable to the owners of Benjamin Hornigold Ltd</b>		<u><u>3,092,107</u></u>	<u><u>-</u></u>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	15	15.46	-
Diluted earnings per share	15	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 2017**

	<b>Note</b>	<b>31 December 2017 \$</b>	<b>30 June 2017 \$</b>
<b>Assets</b>			
Cash and cash equivalents	7	4,726,092	16,182,307
Balances held with brokers	8	3,353,573	3,507,097
Derivative financial assets	9	417,825	7,976
Investments at fair value through profit or loss	10	14,332,589	-
Other receivables	11	1,124,961	549,904
Prepayments		50,003	-
Deferred tax assets		-	341,261
<b>Total assets</b>		<u>24,005,043</u>	<u>20,588,545</u>
<b>Liabilities</b>			
Derivative financial liabilities	12	15,475	484,053
Trade and other payables		159,740	347,968
Current tax payable		1,030,724	165,540
Deferred tax liabilities		116,013	-
<b>Total liabilities</b>		<u>1,321,952</u>	<u>997,561</u>
<b>Net assets</b>		<u>22,683,091</u>	<u>19,590,984</u>
<b>Equity</b>			
Issued capital	13	19,460,479	19,460,479
Retained profits		3,222,612	130,505
<b>Total equity</b>		<u>22,683,091</u>	<u>19,590,984</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 2017**

	<b>Issued capital \$</b>	<b>Retained profits \$</b>	<b>Total equity \$</b>
Balance at 1 July 2016	-	-	-
Profit after income tax expense for the half-year	-	-	-
Other comprehensive income for the half-year, net of tax	-	-	-
Total comprehensive income for the half-year	-	-	-
<i>Transactions with owners in their capacity as owners:</i>			
Shares issued on incorporation	1,000	-	1,000
Balance at 31 December 2016	<u>1,000</u>	<u>-</u>	<u>1,000</u>
	<b>Issued capital \$</b>	<b>Retained profits \$</b>	<b>Total equity \$</b>
Balance at 1 July 2017	19,460,479	130,505	19,590,984
Profit after income tax expense for the half-year	-	3,092,107	3,092,107
Other comprehensive income for the half-year, net of tax	-	-	-
Total comprehensive income for the half-year	-	3,092,107	3,092,107
Balance at 31 December 2017	<u>19,460,479</u>	<u>3,222,612</u>	<u>22,683,091</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 2017**

	<b>31 December 2017</b>	<b>31 December 2016</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Net proceeds on sale of investments	4,142,278	-
Management and performance fees paid	(768,784)	-
Payments from / (to) brokers for initial trading margin	153,524	-
Commissions and brokerage fees paid	(1,200,756)	-
Payments for operating and administrative expenses	(267,760)	-
Interest received	93,357	-
Interest and other finance costs paid	(4,982)	-
	<hr/>	<hr/>
Net cash from operating activities	2,146,877	-
<b>Cash flows from investing activities</b>		
Payments for investments in listed shares	(1,489,199)	-
Payments for foreign currency bank notes	(10,399,082)	-
Payment for convertible loan	(2,200,000)	-
Proceeds from repayment of short term advance	485,189	-
	<hr/>	<hr/>
Net cash used in investing activities	(13,603,092)	-
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	-	1,000
	<hr/>	<hr/>
Net cash from financing activities	-	1,000
Net increase/(decrease) in cash and cash equivalents	(11,456,215)	1,000
Cash and cash equivalents at the beginning of the financial half-year	16,182,307	-
	<hr/>	<hr/>
Cash and cash equivalents at the end of the financial half-year	<u>4,726,092</u>	<u>1,000</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 2017**

**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 2017 comprise the Company only.

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

The annual financial statements of the Company as at and for the year ended 30 June 2017 are available at [www.benjaminhornigold.com.au](http://www.benjaminhornigold.com.au)

The financial statements were authorised by the Board of Directors on 14 February 2018.

**Note 2. Significant accounting policies**

These general purpose financial statements for the interim half-year reporting period ended 31 December 2017 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 2017 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. 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.

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 2017**

**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.

**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**

	<b>31 December 2017</b>	<b>31 December 2016</b>
	\$	\$
<i>Net gains/ (losses) on financial instruments measured at fair value through profit or loss</i>		
Net realised gains/ (losses)	4,142,278	-
Net unrealised gains/ (losses)	1,072,872	-
	5,215,150	-
<i>Other revenue</i>		
Foreign exchange gains / (losses) on foreign currency banknotes receivable (a)	(130,388)	-
Trading fee on foreign currency banknotes receivable (a)	180,249	-
Share in realised proprietary trading profits (b)	1,101,177	-
Interest	93,357	-
	1,244,395	-
Revenue	6,459,545	-

(a) refer to Note 10 for further detail.

(b) refer to Note 11 for further detail.

**Note 6. Management and performance fee**

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 of the Company; and a performance fee.

**Benjamin Hornigold Ltd**  
**Notes to the financial statements**  
**31 December 2017**

**Note 6. Management and performance fee (continued)**

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 \$359,227 and performance fees of \$474,795 during the period. The Manager waived \$757,000 (plus GST) worth of performance fees for the December 2017 quarter. At 31 December 2017, \$65,238 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.

Transactions with related parties of the Investment Manager:

For the period ended 31 December 2017, JB Markets Pty Ltd (JBM) (a controlled entity of the Investment Manager for accounting standard purposes) provided broking services to the Company. Brokerage fees of \$696,209 from JBM were expensed during the period. At 31 December 2017, \$75,059 was outstanding in brokerage fees to JBM and is recognised in payables.

Other transactions with entities related to the Investment Manager are detailed in Note 5, Note 10 and Note 11.

**Note 7. Cash and cash equivalents**

	<b>31 December 2017</b>	<b>30 June 2017</b>
	\$	\$
Cash at bank	3,330,834	6,625,608
Cash held with investment brokers - unrestricted	1,395,258	9,556,699
	<u>4,726,092</u>	<u>16,182,307</u>

**Note 8. Balances held with brokers**

	<b>31 December 2017</b>	<b>30 June 2017</b>
	\$	\$
Balances held with brokers	<u>3,353,573</u>	<u>3,507,097</u>

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 9. Derivative financial assets**

	<b>31 December 2017</b>	<b>30 June 2017</b>
	\$	\$
Exchange traded futures	294,196	7,976
Listed options	123,629	-
	<u>417,825</u>	<u>7,976</u>

Refer to note 14 for further information on fair value measurement.

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**Benjamin Hornigold Ltd**  
**Notes to the financial statements**  
**31 December 2017**

**Note 10. Investments at fair value through profit or loss**

	<b>31 December 2017</b>	<b>30 June 2017</b>
	\$	\$
Listed shares	1,449,795	-
Foreign currency banknotes - designated at fair value through profit or loss (a)	10,448,944	-
Convertible loan - designated at fair value through profit or loss (b)	2,433,850	-
	<u>14,332,589</u>	<u>-</u>

Refer to note 14 for further information on fair value measurement.

(a) Foreign currency banknotes are held in the custody of JBFX Wholesale Pty Ltd (JBFX) (a controlled entity of the Investment Manager for accounting purposes), which has secure storage facilities and operates a wholesale foreign currency business. The banknotes are traded and managed by JBFX on behalf of the Company under a services agreement which provides 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.

(b) On the 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 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. 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 (refer to note 14). For the period to 31 December 2017, \$233,850 was recognised in unrealised fair value gains in relation to the loan, as well as interest of \$64,562 which was received in full on 29 December 2017.

**Note 11. Other receivables**

	<b>31 December 2017</b>	<b>30 June 2017</b>
	\$	\$
Proprietary trading receivable (a)	1,101,177	-
Short term advance repayable on demand	-	485,189
	<u>1,101,177</u>	<u>485,189</u>
Other receivables	23,784	64,715
	<u>1,124,961</u>	<u>549,904</u>

(a) 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) (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.

**Benjamin Hornigold Ltd**  
**Notes to the financial statements**  
**31 December 2017**

**Note 12. Derivative financial liabilities**

	<b>31</b>	<b>30 June</b>
	<b>December</b>	<b>2017</b>
	<b>2017</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Derivative financial instruments	15,475	484,053

Refer to note 14 for further information on fair value measurement.

**Note 13. Issued capital**

	<b>31</b>	<b>30 June</b>	<b>31</b>	<b>30 June</b>
	<b>December</b>	<b>2017</b>	<b>December</b>	<b>2017</b>
	<b>2017</b>	<b>2017</b>	<b>2017</b>	<b>2017</b>
	<b>Shares</b>	<b>Shares</b>	<b>\$</b>	<b>\$</b>
Ordinary shares - fully paid	20,001,000	20,001,000	19,460,479	19,460,479

*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 for the half-year.

*Share buy-back*

There is no current on-market share buy-back.

**Note 14. 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

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>- 31 December 2017</b>				
<i>Assets</i>				
Listed ordinary shares	1,449,795	-	-	1,449,795
Convertible loan	-	-	2,433,850	2,433,850
Foreign currency banknotes	-	10,448,944	-	10,448,944
Derivative financial assets (a)	294,196	123,629	-	417,825
Total assets	1,743,991	10,572,573	2,433,850	14,750,414
<i>Liabilities</i>				
Derivative financial liabilities	15,475	-	-	15,475
Total liabilities	15,475	-	-	15,475

**Benjamin Hornigold Ltd**  
**Notes to the financial statements**  
**31 December 2017**

**Note 14. Fair value measurement (continued)**

<b>- 30 June 2017</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<i>Assets</i>				
Derivative financial assets	7,976	-	-	7,976
Total assets	<u>7,976</u>	<u>-</u>	<u>-</u>	<u>7,976</u>
<i>Liabilities</i>				
Derivative financial liabilities	484,053	-	-	484,053
Total liabilities	<u>484,053</u>	<u>-</u>	<u>-</u>	<u>484,053</u>

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

There were no transfers between levels during the financial half-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 23 November 2017, the Company acquired 536,585 shares in John Bridgeman Limited (JBL) at \$2.05 per share, with attaching options on a one on one basis. 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 binomial pricing model was utilised to value them. At 31 December 2017, the options were valued to be worth \$123,629. The inputs into the model to value the options were:

- Exercise price per share \$2.05
- Underlying price per share \$2.00
- Expected volatility (weighted average) 30.8%
- Risk-free rate 1.96%
- Dividend yield 7.50%
- Time to maturity 692 days

*Valuation techniques for fair value measurements categorised in level 3*

On the 11 September 2017, the Company entered into a convertible loan agreement with JBFG (refer to Note 10). 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 elected to hold the whole instrument at fair value through profit or loss. The loan was valued using the combination of two techniques: a discounted cash flow model for expected repayments and the use of the Black-Scholes model for the valuation of the conversion features.

*Level 3 assets and liabilities*

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

	<b>Convertible loan</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>
Balance at 1 July 2017	-	-
Additions	2,200,000	2,200,000
Unrealised gains recognised in profit or loss under "Net gains/ (losses) on financial instruments at fair value through profit or loss"	<u>233,850</u>	<u>233,850</u>
Balance at 31 December 2017	<u><u>2,433,850</u></u>	<u><u>2,433,850</u></u>

**Benjamin Hornigold Ltd**  
**Notes to the financial statements**  
**31 December 2017**

**Note 14. Fair value measurement (continued)**

The level 3 unobservable inputs and sensitivity are as follows:

Description	Valuation method	Significant unobservable inputs
Convertible loan designated at fair value through profit or loss.	Two techniques were used- a discounted cash flow model, and Black-Scholes pricing model.	The fair value of the instrument was primarily (>95%) estimated using a present value cash flow technique calculated using a daily discount rate of 1.77% derived from a quoted bank bill swap rate with similar maturity.

There were no significant inputs into the model which could a materially affect the fair value of the instrument.

**Note 15. Earnings per share**

	<b>31 December 2017 \$</b>
Profit after income tax attributable to the owners of Benjamin Hornigold Ltd	<u>3,092,107</u>
	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>20,001,000</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>20,001,000</u>
	<b>Cents</b>
Basic earnings per share	15.46
Diluted earnings per share	15.46

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.

**Note 16. Related party transactions**

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

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

There were no changes in arrangements with related parties or related party relationships during the period.

**Benjamin Hornigold Ltd**  
**Notes to the financial statements**  
**31 December 2017**

**Note 17. Events after the reporting period**

On 15 January 2018, the Company announced a special dividend of 12 cents per share. The record date for the dividend is 9 February 2018 and the payment date is 9 March 2018. A dividend reinvestment plan ('DRP') will operate in respect of the dividend and shares under the DRP will be issued to shareholders who elect to participate in the DRP at a 7.5% discount to the 10 day volume weighted average price of shares prior to the issue date. The level of franking has not yet been determined. The dividend will total \$2,799,137 payable in cash or by the issue of shares under the DRP.

Since the end of the half-year the Company has issued 3,325,144 fully paid ordinary shares at \$1.00 per share pursuant to the exercise of listed options. At the date of this report, which is prior to the issue of any shares under the DRP, there are 23,326,144 shares on issue and 16,674,856 listed options exercisable at \$1.00 at any time before 28 April 2020.

No other matter or circumstance has arisen since 31 December 2017 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.

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**Benjamin Hornigold Ltd  
Directors' declaration  
31 December 2017**

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 2017 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



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Stuart McAuliffe  
Executive Chairman

14 February 2018

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# Independent Auditor's Review Report

To the shareholders of Benjamin Hornigold Limited

## Conclusion

We have reviewed the accompanying **Interim Financial Report** of Benjamin Hornigold Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim 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 2017 and of its performance for the half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Interim Financial Report** comprises:

- Statement of financial position as at 31 December 2017
- Statement of profit or loss and other comprehensive income, Statement of changes in equity and Statement of cash flows for the half-year ended on that date
- Notes 1 to 17 comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration.

## Responsibilities of the Directors for the Interim Financial Report

The Directors of the Company are responsible for:

- the preparation of the Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- for such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that is free from material misstatement, whether due to fraud or error.

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## Auditor's responsibility for the review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim 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 Interim Financial Report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of Company's financial position as at 31 December 2017 and its performance for the half-year ended on that date; and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Benjamin Hornigold Limited, *ASRE 2410* requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an Interim 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.

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



KPMG



Simon Crane  
Partner

Brisbane  
14 February 2018

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