

PRECISION | OPPORTUNITIES  
FUND

Annual  
Report 2017

**PRECISION OPPORTUNITIES FUND LTD**  
**ABN: 11 613 479 262**  
**FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2017**

31 October 2017

Dear Investor

**PRECISION OPPORTUNITIES FUND LTD - CHAIRMAN'S LETTER**

This is my first letter to you as the Chairman of Precision Opportunities Fund Ltd (**Fund**) and it is with pleasure I submit to you the Fund's annual report for the financial period ending 30 June 2017.

The Fund has raised a total of \$24,513,000.12 after issuing its Information Memorandum on 3 August 2016. These funds were raised in several tranches, namely:

- (a) \$22,663,000 by 31<sup>st</sup> August 2016;
- (b) a further \$1,175,000 by 31<sup>st</sup> October 2016;
- (c) a further \$675,000.12 by 31<sup>st</sup> March 2017; and
- (d) a further \$200,000 issued on 31<sup>st</sup> May 2017.

As at 30 June 2017, the Fund had an NTA of \$0.1963 on funds raised, net of fees. This result was set against a background of a subdued and uncertain performance of the small resources index. The Fund adopted a conservative strategy during this period and in doing so, the Fund retained a high proportion of its funds in cash.

The Fund has now developed an investment matrix and weighting which is the basis for its investment decisions, namely:

<b>Activity</b>	<b>Weighting</b>
Trading stock	10%
Core stock	60%
Special situations	15%
Cash	15%

As I write to you, today the Fund is underweight in all areas of investment other than for cash but the NTA has now improved to 21.44 cents (\$0.2144) on funds raised, net of fees (30 October 2017).

Over the past 9 months, the Fund's manager Precision Funds Management Pty Ltd (**PFM**) has been seeking to employ a dedicated analyst to assist in assessing the investment opportunities which are being presented to the Fund on a regular basis. To date, PFM has not identified a suitable candidate although PFM now has access to the services of an analyst on a temporary basis and this assistance has greatly enhanced PFM's capability. The PFM continues to seek a permanent appointee for this role.

Up until 30 June 2017, the Fund's activities were based in the offices of Euroz Securities Limited (an investor in the Fund and a shareholder in PFM) (**Euroz**).

Euroz also provided the back-of-house support and the services of both Tony Kenny and Tim Weir, executive directors of the Fund who were at the time employed by Euroz. PFM as manager of the Fund utilised Euroz's Australian Financial Services Licence.

The Fund would like to acknowledge the role Euroz has played in its support for the Fund during this formative period. Euroz remains committed in its support of the Fund.

Since 30 June 2017, Messrs Kenny and Weir, the executive directors of PFM, provide services to both PFM and Chieftain Securities Pty Ltd (**Chieftain**).

Chieftain is a recently established boutique investment advisory company which Tony and Tim helped form and in which each are shareholders. Chieftain holds an Australian Financial Services Licence and PFM is now the authorised representative of Chieftain's.

As of 1 July 2017, the Fund has relocated to temporary premises at 1008 Hay Street, Perth and its back-of-house function is now being provided by Chieftain. The intention is for PFM to take an equity interest in Chieftain so that the respective organisations are obliged and encouraged to work collaboratively with a view to being able to bring early stage investment opportunities to the Fund for its consideration. Consistent with the Fund's vision you, as investors in the Fund, will be given the opportunity to co-invest in some of these opportunities.

With the resources cycle having clearly turned and the level of market awareness of the Fund's mandate to invest into opportunities with a market capitalisation of up to \$1 billion, we are expecting over the coming months for the Fund to become fully invested in terms of its investment matrix. This will ensure the Fund has the best opportunity of providing investors with the superior returns they are seeking.

We do look forward to welcoming you to our Annual General Meeting scheduled for December 2017.

Yours sincerely



**Michael Blakiston**  
Chairman  
Precision Opportunities Fund Ltd

**About Precision**

Precision Opportunities Fund Ltd ("POF") is an unlisted investment vehicle that identifies emerging opportunities and undervalued companies listed on the ASX and other recognised exchanges.

The fund was established in August 2016 and currently has 123,438,933 shares on issue and has raised a total of \$24,713,000 since inception.

Precision Funds Management Pty Ltd has been engaged as the Investment Manager to generate and filter opportunities on behalf of Precision Opportunities Fund and make all investment and divestment decisions.

The investment focus of POF is predominantly in the small-mid market capital sectors which are companies typically capitalised outside the ASX100. The Investment Manager may invest from time to time in unlisted opportunities that have a clear path to market or exit. Through its exposure to the Investment Manager’s network and skill-set, POF intends to provide its Shareholders with access to opportunities not generally available to investors using traditional methods of equity investment.

**Investment Managers Overview**

In the wake of an uncertain commodity price environment we took a conservative approach to investments in the first 9 months of operation. As evidenced in the 5-year chart below the benchmark Small Resources Index experienced an un precedented period of decline. This resulted in



ACN 604 121 271 Precision Funds Management Pty Ltd is a Corporate Authorised Representative of Chieftain Securities Pty Ltd (AFSL 492850)

us holding a significant cash position during this period of uncertainty while hand picking some opportunities we believe had the ability to outperform in a low commodity price environment.

Post this period, and at the time of writing, we have seen a resurgence in commodity prices across the board and a surge in confidence that has followed. This has resulted in capital being raised for exploration activities across a broad range of commodities, the Western Australian economy will be a significant beneficiary of this activity.

We are hopeful there are some strong demand fundamentals behind this recovery which will see a sustained recovery in medium term.

Despite the traditional metals all seeing solid improvement one of the dominant themes has been the emergence of the Electric Vehicle (EV) market and hence demand for unconventional commodities such as lithium, cobalt and graphite.

Demand for electric vehicles is growing at approximately 50% per annum with close to 1 million vehicles in 2017. The demand for lithium batteries has exploded and is expected to continue at a compound annual growth rate of in excess of 35%.

We have been a beneficiary of this sector and will continue to monitor opportunities as they arise.

Whilst commenting on this relatively new phenomenon it's worth noting that all is not lost for the oil price in the wake of the lithium battery emergence. Conventional vehicles account for approximately 25% of global oil consumption and in the wake of recent oil price weakness we are starting to see the exhaustion of low cost, high producing oil reserves. In addition, recent extensions to OPEC/non-OPEC production cuts has seen the oil price lift to a two year high.

## **Outlook**

The confidence to sustain the current recovery in commodities will be driven by global growth and in particular our continued reliance on China and US growth orientated policy.

The resilience of Chinese demand and implementation of fiscal stimulus has continued to sustain demand of bulk commodities during a period of global uncertainty.

Corporate America remains particularly robust as reflected in the performance of their share index reaching unprecedented levels. Although we do not expect to see this level of growth maintained and expect the market to correct at some stage the underlying fundamentals are robust.

The Australian economy, despite domestic and global headwinds, has been remarkably resilient and continues to support year on year positive GDP numbers. The traditional "two speed" economy is alive and well with the unwinding of the resources boom matched by a construction boom on the east coast.

In summary Australia remains a solid footing to continue to participate in the demand generated by Chinese and South East Asian economies.

**Strategy**

As our confidence continues to grow in the sustainability of the current cycle we will look to take more aggressive positions in the themes we are following but still employing fundamentals of sound investment disciplines in managing our exposures to:

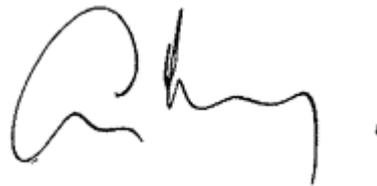
- Commodity diversification
- Geographical diversification
- Political risk
- Market trends

We operate in a sector that will always experience volatility and has a track record of over shooting in both directions and our role is to manage these exposures.

On behalf of Precision Funds Management, we wish to thank all shareholders for their continued support and entrusting us with the management of the fund.



**Tim Weir**  
Director  
Precision Opportunities Fund Ltd



**Tony Kenny**  
Director  
Precision Opportunities Fund Ltd

# PRECISION OPPORTUNITIES FUND LTD

ABN: 11 613 479 262

## DIRECTORS' REPORT

### FOR THE PERIOD ENDED 30 JUNE 2017

Your directors present their report on the company for the financial period ended 30 June 2017.

#### Directors

The names of the directors in office at any time during or since the end of the period are:

Anthony Christopher Kenny  
Timothy Leonard Weir  
William James Beament  
Michael Gerard Blakiston

Directors have been in office since registration date of the company, 5 July 2016, to the date of this report unless otherwise stated.

#### Review of Operations

The loss of the company for the financial period amounted to \$689,836.

#### Significant Changes in the State of Affairs

No significant changes in the company's state of affairs occurred during the financial period.

#### Principal Activities

The principal activities of the company during the financial period were to provide specialist investment services and management.

No significant change in the nature of these activities occurred during the period.

#### Events Subsequent to the End of the Reporting Period

No matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial periods.

#### Likely Developments and Expected Results of Operations

Likely developments in the operations of the company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the company.

#### Environmental Regulation

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

#### Information on Directors

Name:	Anthony Christopher Kenny
Title:	Executive – Director
Experience and expertise:	Tony has over 20 years' experience in stockbroking and equity capital markets. He began his stockbroking career with Porter Western in 1997 where he was a senior private client advisor until Porters was acquired by Macquarie Bank in 1999. Tony left Macquarie in 2006 to found a boutique Perth corporate advisory firm that Ultimately became Blackswan Equities Ltd. Tony was an Executive Director of Blackswan Equities Ltd and grew the business from inception to having funds under advice and management in excess of \$1 billion in addition to raising capital in excess of \$300 million for corporate clients. Tony was instrumental in the successful merger of Blackswan Equities Ltd and Euroz Ltd in June 2014 and is

# PRECISION OPPORTUNITIES FUND LTD

ABN: 11 613 479 262

## DIRECTORS' REPORT

### FOR THE PERIOD ENDED 30 JUNE 2017

currently an Executive Director of Euroz Securities Ltd. Tony manages a high net worth client base and provides corporate advice in a range of sectors specialising in equity capital market transactions, capital raisings, IPO's and restructuring and pathways to listing specifically in the small to mid-cap space.

Name: Timothy Leonard Weir  
Title: Executive – Director  
Experience and expertise: Tim has over 20 years' experience in investment and capital markets. He began his stockbroking career with Porter Western in 1993 and served as a partner of the business until it was acquired by Macquarie Bank in 1999. In 20016 Tim left Macquarie Bank to found boutique Perth corporate advisory firm that ultimately became Blackswan Equities Ltd which he grew from inception to having funds under advice and management in excess of \$1 billion in addition to raising capital in excess of \$300 million for corporate clients. Tim was instrumental in the successful merger of Blackswan Equities Ltd and Euroz Ltd in June 2014 and is currently an Executive Director of Euroz Securities Ltd. Tim manages in excess of \$100 million on behalf of high net worth client and provides corporate advice in a range of sectors specialising in equity capital raisings, mergers and acquisitions and domestic and international financial markets. He has been involved in a number of corporate restructures, providing a pathway to listing for small to mid-cap companies.

Name: William James Beament  
Title: Non-Executive Director  
Experience and expertise: Bill Beament is a mining engineer with more than 20 years' experience in the Resource sector. Bill is currently Managing Director and a founder of Northern Star Resources Ltd, one of Australia's largest listed gold producers with a market capitalisation of \$3 billion and employing 1,700 staff and contractors. Previously he held several senior management positions, including General Manager of Operations for Barmenco Ltd and General Manager of the Eloise Copper Mine in Queensland. Mr Beament is the current President of Western Australia School of Mines Graduate Association and was named 2016 CEO of the Year by the Financial Review and First Amongst Equals at the 2013 Business News 40under40 Awards.

Name: Michael Gerard Blakiston  
Title: Non-Executive Chairman  
Experience and expertise: Michael is a partner in Gilbert + Tobin practising in the corporate and resources sectors. Michael joined Gilbert + Tobin in July 2011, after the firm's integration with Blakiston & Crabb which he founded and led since 1985. Michael advises clients in the resources sector covering all aspects of exploration, development and operation. He has extensive experience across a range of commodities. Michael's overseas experience is extensive having advised on resources projects in over 50 countries. Michael has a particular reputation for advising clients with projects in developing countries. An internationally renowned leader in resources law. Michael has been recognised in various legal publications including Who's Who Legal, the Australian Financial Review's Best Lawyers listing of Australia's top Mining lawyers and Chambers International.

# PRECISION OPPORTUNITIES FUND LTD

ABN: 11 613 479 262

## DIRECTORS' REPORT

FOR THE PERIOD ENDED 30 JUNE 2017

### Company Secretary

Irene Chin and Jessica Ridley have held the Joint Company Secretary role since incorporation.

### Meetings of Directors

The number of meetings of the company's Board of Director ("the Board") held during the period ended 30 June 2017, and the number of meetings attended by each director were:

	Full board	
	Attended	Held
Anthony Kenny	5	5
Timothy Weir	5	5
William Beament	4	5
Michael Blakiston	5	5

Held: represents the number of meetings held during the time the director held office.

### Dividends

No dividends were paid during the period.

### Shares Under Option

Unissued Convertible Redeemable Preference Shares of Precision Opportunities Fund Limited under option at the date of this report are as follows:

Grant date	Expiry Date	Exercise Price	Number Under Option
31 August 2016	10 August 2019	\$0.20	113,315,000
31 October 2016	10 August 2019	\$0.20	5,808,206
31 March 2017	10 August 2019	\$0.20	3,311,207

No options were issued for services provided to the company.

No options were attached to the Convertible Redeemable Preference Shares issued on 31 May 2017.

### Indemnity and Insurance of Officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where this is a lack of good faith.

During the financial period, the company paid a premium in respect of a contract to insure the directors and executives of company against a liability to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

### Indemnity and Insurance of Auditor

The company has not, during or since the end of the financial period, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial period, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

**PRECISION OPPORTUNITIES FUND LTD**

**ABN: 11 613 479 262**

**DIRECTORS' REPORT**

**FOR THE PERIOD ENDED 30 JUNE 2017**

**Proceedings on Behalf of the Company**

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the period.

**PRECISION OPPORTUNITIES FUND LTD**

**ABN: 11 613 479 262**

**DIRECTORS' REPORT**

**FOR THE PERIOD ENDED 30 JUNE 2017**

**Auditor's Independence Declaration**

A copy of the auditor's independence declaration as required under s 307C of the *Corporations Act 2001* is set out on page 11.

This director's reports is signed in accordance with a resolution of the Board of Directors, pursuant to Section 298(2)(a) of the *Corporations Act 2001*.



Director

\_\_\_\_\_

Dated this

31

day of October

2017

**DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF PRECISION OPPORTUNITIES FUND LIMITED**

As lead auditor of Precision Opportunities Fund Limited for the period ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.



**Dean Just**

Director

**BDO Audit (WA) Pty Ltd**

Perth, 31 October 2017

**PRECISION OPPORTUNITIES FUND LTD**

**ABN: 11 613 479 262**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 30 JUNE 2017**

	<b>2017</b>
	<b>\$</b>
Gain on AFS assets	343,327
Other revenue	291,674
Revaluation of AFS assets	(1,020,538)
Marketing expenses	(1,957)
Depreciation expenses	(877)
Administration expense	(279,134)
Interest expenses	(19)
Other expenses	(22,312)
<b>PROFIT /(LOSS) BEFORE INCOME TAX</b>	<u>(689,836)</u>
Income tax expense	-
<b>PROFIT /(LOSS) FOR THE PERIOD</b>	<u><u>(689,836)</u></u>
Other comprehensive income	-
<b>Total other comprehensive income for the period</b>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME /(LOSS) FOR THE PERIOD</b>	<u><u>(689,836)</u></u>

**PRECISION OPPORTUNITIES FUND LTD**

**ABN: 11 613 479 262**

**STATEMENT OF FINANCIAL POSITION**

**AS AT 30 JUNE 2017**

	<i>Note</i>	<i>2017</i> \$
<b>CURRENT ASSETS</b>		
<i>Cash and Cash Equivalents</i>	<b>3</b>	15,992,007
Trade and Other Receivables	<b>4</b>	9,240
Other Current Assets	<b>6</b>	5,993
		<hr/>
<b>TOTAL CURRENT ASSETS</b>		16,007,240
<b>NON-CURRENT ASSETS</b>		
Available for Sale Financial assets	<b>5</b>	8,022,607
Intangibles	<b>7</b>	3,510
		<hr/>
<b>TOTAL NON-CURRENT ASSETS</b>		8,026,117
		<hr/>
<b>TOTAL ASSETS</b>		24,033,356
<b>CURRENT LIABILITIES</b>		
Trade and Other Payables	<b>8</b>	10,189
		<hr/>
<b>TOTAL CURRENT LIABILITIES</b>		10,189
		<hr/>
<b>TOTAL LIABILITIES</b>		10,189
		<hr/>
<b>NET ASSETS</b>		24,023,168
		<hr/> <hr/>
<b>EQUITY</b>		
Ordinary A Class Shares	<b>9</b>	4
Preference Shares	<b>9</b>	24,713,000
Retained earnings		(689,836)
		<hr/>
<b>TOTAL EQUITY</b>		24,023,168
		<hr/> <hr/>

**PRECISION OPPORTUNITIES FUND LTD**

**ABN: 11 613 479 262**

**STATEMENT OF CHANGES IN EQUITY**

**FOR THE PERIOD ENDED 30 JUNE 2017**

	<b>ISSUED CAPITAL</b>	<b>RESERVES</b>	<b>RETAINED EARNINGS (ACCUMULATED LOSSES)</b>	<b>TOTAL</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>BALANCE AT INCORPORATION</b>	-	-	-	-
<b>Profit/Loss for the period</b>	-	-	(689,836)	(689,836)
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>	-	-	(689,836)	(689,836)
Ordinary Shares issued during the period	4	-	-	4
Preference Shares issued during the period	24,713,000	-	-	24,713,000
Dividends Paid or Provided	-	-	-	-
<b>BALANCE AS AT 30 JUNE 2017</b>	<b>24,713,004</b>	<b>-</b>	<b>(689,836)</b>	<b>24,023,168</b>

**PRECISION OPPORTUNITIES FUND LTD**

**ABN: 11 613 479 262**

**STATEMENT OF CASH FLOWS**

**FOR THE PERIOD ENDED 30 JUNE 2017**

	<b>Note</b>	<b>2017</b>
		<b>\$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customer		44,100
Payments to suppliers and employees		(316,858)
Dividend Received		19,050
Interest Received		232,533
Income Tax (Paid) Refunded		-
<b>NET CASH PROVIDED BY/ (USED IN) OPERATING ACTIVITIES</b>	<b>10</b>	<u>(21,175)</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from Sale of Available for Sale investments		12,336,577
Purchase of Available for Sale Investments		(21,036,395)
Loan payments made to related parties		-
Loan repayments received from related parties		-
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<u>(8,699,818)</u>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of preference shares		24,713,000
Proceeds from borrowings		-
Repayment of borrowings		-
Dividends paid		-
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>		<u>24,713,000</u>
 <b>NET INCREASE IN CASH HELD</b>		 15,992,007
Cash and Cash Equivalents at beginning of the financial period		-
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>		<u>15,992,007</u>

# PRECISION OPPORTUNITIES FUND LTD

ABN: 11 613 479 262

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE PERIOD ENDED 30 JUNE 2017

The financial statements cover the business of PRECISION OPPORTUNITIES FUND LTD and have been prepared to meet the needs of stakeholders and to assist in the preparation of the tax return.

Comparatives are consistent with prior years, unless otherwise stated.

#### 1. Basis of preparation

The company is non-reporting since there are unlikely to be any users who would rely on the general purpose financial statements.

The financial statements are therefore special purpose financial statements that have been prepared in order to meet the requirements of the Corporations Act 2001. The company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial statements have been prepared in accordance with the mandatory Australian Accounting Standards applicable to entities reporting under the Corporations Act 2001 and the significant accounting policies disclosed below, which the directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with the previous period unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. The amounts presented in the financial statements have been rounded to the nearest dollar.

The company was incorporated on 5 July 2016 and so there are no comparative prior year balances to report.

#### 2. Summary of significant accounting policies

##### a. Revenue and other income

All revenue is stated net of the amount of goods and services tax (GST).

##### Interest revenue

Interest income is recognised on an accruals basis.

##### Dividend revenue

Dividends are recognised when the company's right to receive payment is established.

Dividends received from associates and joint venture entities are accounted for in accordance with the equity Method of accounting.

##### Net gain/loss on sale of available for sale assets

The gain or loss on disposal of AFS assets is calculated as the difference between the carrying amount of the asset at the date of disposal and the net proceeds from disposal and is included in the Consolidated Statement of Profit or Loss and Consolidated Statement of Other Comprehensive Income in the year of disposal.

# PRECISION OPPORTUNITIES FUND LTD

ABN: 11 613 479 262

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2017

### **Other**

Other income is recognised on an accruals basis when the company is entitled to it

### **b. Goods and services tax (GST)**

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). Receivables and payables are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the balance sheet.

### **c. Cash and cash equivalents**

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

### **d. Current and non-current classification**

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

### **e. Trade and other payables**

These amounts represent liabilities for goods and services provided to the consolidated entity 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.

# PRECISION OPPORTUNITIES FUND LTD

ABN: 11 613 479 262

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2017

### **f. Property, plant and equipment**

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment.

### **g. Depreciation**

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the company, commencing when the asset is ready for use.

### **h. Issued capital and convertible redeemable preference shares**

Ordinary shares and convertible redeemable preference shares are classified as equity.

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

### **i. Income Tax**

The income tax expense (income) for the year comprises current income tax expense (income).

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

Current income tax expense (income) is charged or credited directly to equity instead of profit or loss when the tax relates to items that are credited or charged directly to equity.

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.

### **j. 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 principle 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 interest. 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.

### **k. Comparative Figures**

The company was incorporated on 5 July 2016 and so there are no comparative prior year balances to report.

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

# PRECISION OPPORTUNITIES FUND LTD

ABN: 11 613 479 262

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2017

### I. 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 consolidated entity 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.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets, principally equity securities, that are either designated as available-for-sale or not classified as any other category. After initial recognition, fair value movements are recognised in other comprehensive income through the available-for-sale reserve in equity. Cumulative gain or loss previously reported in the available-for-sale reserve is recognised in profit or loss when the asset is derecognised or impaired.

Impairment of financial assets

The consolidated entity 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.

Available-for-sale financial assets are considered impaired when there has been a significant or prolonged decline in value below initial cost. Subsequent increments in value are recognised in other comprehensive income through the available-for-sale reserve.

### m. Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

#### *Impairment - general*

The company assesses impairment at the end of each reporting period by evaluating the conditions and events specific to the company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

# PRECISION OPPORTUNITIES FUND LTD

ABN: 11 613 479 262

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE PERIOD ENDED 30 JUNE 2017

#### *Provision for impairment of receivables*

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtors' financial position.

#### *Estimation of useful lives of assets*

The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

#### *Income tax*

The company is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The company recognises liabilities for anticipated tax audit issues based on the company's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current tax provision in the period in which such determination is made.

#### **NOTE 3: CASH AND CASH EQUIVALENTS**

Cash on hand	4
Cash at bank	<u>15,992,003</u>
	<u>15,992,007</u>

#### **Reconciliation of cash**

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

Cash and cash equivalents	<u>15,992,007</u>
	<u>15,992,007</u>

#### **NOTE 4: TRADE AND OTHER RECEIVABLES**

##### **CURRENT**

Other receivables	<u>9,240</u>
	<u>9,240</u>

# PRECISION OPPORTUNITIES FUND LTD

ABN: 11 613 479 262

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2017

### NOTE 5: FINANCIAL ASSETS

Available for sale financial assets	8,022,607
Available for sale financial assets comprise:	
- Shares in listed corporations	7,722,607
- Convertible notes	300,000
	<u>8,022,607</u>

### NOTE 6: OTHER ASSETS

GST Receivable	5,993
	<u>5,993</u>

### NOTE 7: INTANGIBLE ASSETS

Website cost	4,387
Accumulated depreciation	(877)
	<u>3,510</u>

### NOTE 8: TRADE AND OTHER PAYABLES

#### CURRENT

Trade Creditors	30,475
Provision for GST	(20,286)
	<u>210,189</u>

### NOTE 9: ISSUED CAPITAL

a. 4 fully paid ordinary shares	<u>4</u>
---------------------------------	----------

The company has authorised share capital amounting to 4 ordinary shares of no par value.

Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held.

At the shareholders' meetings, each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

# PRECISION OPPORTUNITIES FUND LTD

ABN: 11 613 479 262

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE PERIOD ENDED 30 JUNE 2017

b. 123,438,933 convertible redeemable preference shares

The company has authorised share capital amounting to 123,438,933 convertible redeemable preference shares of \$0.20 par value.

Convertible redeemable preference shares participate in dividends.

24,713,000

At the shareholders' meetings, each convertible redeemable preference share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

**2017**

**At the beginning of the reporting period**

**No.**

-

**Shares issued during the period**

**31 August 2016**

**113,315,000**

**31 October 2016**

**5,808,206**

**31 March 2017**

**3,311,207**

**31 May 2017**

**1,004,520**

**Shares bought back during the period**

-

**At the end of reporting period**

**123,438,933**

# PRECISION OPPORTUNITIES FUND LTD

ABN: 11 613 479 262

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2017

### NOTE 10: CASH FLOW INFORMATION

Reconciliation of Cash Flow from Operations with Profit after Income Tax	
Profit after Income Tax	(689,836)

Adjustments for non-cash components in profit

Depreciation	877
Impairment	-
Net Gain / Loss on disposal of investment	677,211

### Changes in Assets and Liabilities

Increase in trade and other receivables	(15,233)
Increase in other assets	(4,383)
Increase in trade and other payable	10,189
Net Cash decrease in Cash Held	<u>(21,175)</u>

### NOTE 11: COMPANY DETAILS

The registered office of the company is:  
Precision Opportunities Fund Ltd  
412 Newcastle Street  
West Perth WA 6005

The principal place of business  
Precision Opportunities Fund Ltd  
Level 7  
1008 Hay Street  
Perth WA 6000

# PRECISION OPPORTUNITIES FUND LTD

ABN: 11 613 479 262

## DIRECTORS' DECLARATION

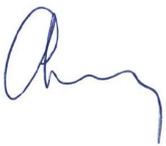
### DECLARATION BY DIRECTORS

The directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies described in Note 2 to the financial statements.

The directors of the company declare that:

1. The financial statements, comprising the statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity, and accompanying notes, are in accordance with the Corporations Act 2001 and:
  - (a) comply with Accounting Standards as described in Note 1 to the financial statements and the Corporations Regulations 2001; and
  - (b) give a true and fair view of the company's financial position as at 30 June 2017 of its performance for the year ended on that date in accordance with the accounting policies described in Note 2 to the financial statements.
2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:



Anthony Kenny  
Director



Timothy Leonard Weir  
Director

Level 7  
1008 Hay Street  
Perth WA 6000  
31 October 2017

## INDEPENDENT AUDITOR'S REPORT

To the members of Precision Opportunities Fund Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Precision Opportunities Fund Limited (the Company), which comprises the statement of financial position as at 30 June 2017, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the period then ended, and notes to the financial report, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of Precision Opportunities Fund Limited, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Company's financial position as at 30 June 2017 and of its financial performance for the period ended on that date; and
- (ii) Complying with Australian Accounting Standards to the extent described in Note 1, and the *Corporations Regulations 2001*.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. 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 auditor independence requirements of 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 also fulfilled our other ethical responsibilities in accordance with the Code.

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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Emphasis of matter - Basis of accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

#### Other information

The directors are responsible for the other information. The other information comprises the information in the Directors' report for the period ended 30 June 2017, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, 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.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Responsibilities of the directors for the Financial Report**

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary 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.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors 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 objectives are 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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

[http://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf)

This description forms part of our auditor's report.

**BDO Audit (WA) Pty Ltd**



**Dean Just**

**Director**

Subiaco, 31 October 2017