

Precision Opportunities Fund Ltd

2018

Annual Report

Financial Statements

PRECISION OPPORTUNITIES FUND LTD
ABN 11613479262
For the year ended 30 June 2018

Prepared by AustAsia Accounting Services Pty Ltd

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19 October 2018

Dear Investor,

PRECISION OPPORTUNITIES FUND LTD – CHAIRMAN’S LETTER

On behalf of the board of Precision Opportunities Fund Ltd (“Fund” or the “Company”), it is with pleasure that I present to you the Fund’s annual report for the financial year ending 30 June 2018.

Significant results for the year are:

- The Fund recorded a pre-tax profit of \$7,091,585 (-\$689,836 for 2017) and a net profit after tax of \$4,855,860 (-\$689,836 for 2017).
- Total assets of the Company at 30 June 2018 are \$32,502,436 (\$24,033,356 for 2017).
- Net assets of the Company at 30 June 2018 are \$30,204,027 (\$24,023,168 for 2017), this figure includes deferred tax liabilities of \$1,372,128 for 30 June 2018.
- The Company’s net assets per share at 30 June 2018 is \$0.2342 (\$0.1963 for 2017)

For the financial year ending June 30 2018, the Fund achieved a net return of 18.2% during a period where we saw a resurgence in the overall resources sector and in particular the previously neglected small resources sector.

The Fund raised a total of \$1.525m during the 2018 financial year, bringing the total amount raised for the Fund as at 30 June 2018 to \$26,038,000.

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

Activity	Weighting
Trading stock	10%
Core stock	60%
Special situations	15%
Cash	15%

As I write to you, the fund still has a relatively high cash position which we believe is prudent given current market conditions.

Additionally, we believe commodity markets in general remain reasonably robust although are significantly influenced by political events. We think the next 12 months will see increased levels of corporate activity in the small-cap resources space and will endeavour to position the fund in this regard.

We continue to engage and develop strong relationships with management of our core investee companies, we see this as being imperative to maintain and improve returns for our shareholders over the medium term.

I would like to thank our executive staff for their hard work during the past financial year and I am sure you will agree our results are a credit to them.

Finally, we thank you for your continued support and look forward to welcoming you to our Annual General Meeting scheduled for November 2018.

Yours sincerely



Michael Blakiston
Chairman
Precision Opportunities Fund Ltd

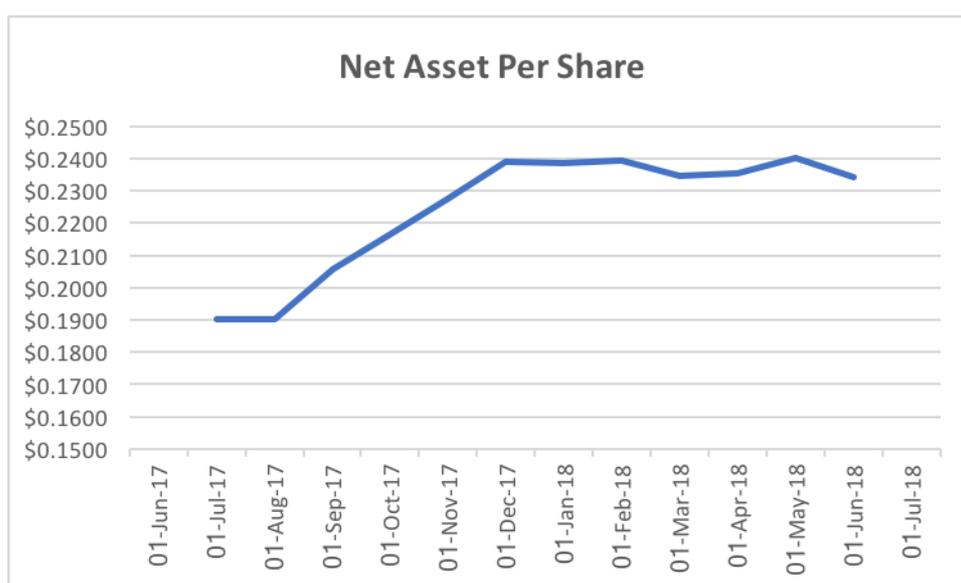
ABOUT PRECISION

- 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 at time of writing currently has 128,979,981 shares on issue and has raised a total of \$26,038,000 since inception.
- Precision Funds Management Pty Ltd ("PFM") has been engaged as the Investment Manager to generate and filter opportunities on behalf of Precision Opportunities Fund Ltd 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 REPORT

PORTFOLIO PERFORMANCE

For the financial year ending June 30, 2018, Precision Opportunities Fund Ltd achieved a net return of 18.2% during a period where we saw a resurgence in the overall resources sector and in particular the previously neglected small resources sector.



Although we are classified as an active fund manager we have chosen to maintain a relatively high level of cash as we seek to increase our core positions within the portfolio.

Well researched core positions within the portfolio have proven to provide outperformance and we will continue to be patient building these positions.

MARKET OUTLOOK

To the year ended June 30, 2018, we witnessed a recovery in resource-based commodities which was reflected positively by the share market with a return to interest in the junior exploration end of the market and a vast amount of capital was raised to support these companies' endeavours.

In part this recovery was driven by the increasing demand for electric vehicles and the general overall positive momentum in the sector. Despite this positive momentum some concern of oversupply as well as valuations being over stretched has created a pullback in both commodities and companies, particularly companies exposed to the lithium and cobalt markets.

Despite this, the underlying demand for electric vehicles particularly in "environmentally conscious" China remains strong, with demand up in excess of 90% for the year. Additionally, from a production perspective we have seen many hiccups in commissioning and hence capex blowouts which will restrict production and in turn support prices.

To date we have been overweight in the energy sector based on what we believe will be a vibrant twelve months for the sector. The recovery in the oil price has been driven by supply constraints from OPEC which has resulted in a 25% price hike, however the risk to this momentum will be the behaviour of non-OPEC participants and US onshore exploration and production activities.

The macro theme for the oil sector has been assisted by the unprecedented low levels of capital expenditure which have taken place across the sector in recent years. Due to the low oil price environment we believe this will have huge consequences on future supply.

The US market experienced sustained rapid growth as the US economy continued to rebound with US\$1.5 trillion of tax cuts coming on stream, renewed confidence leading to strong GDP growth and unemployment levels near 20 year lows.

At the time of writing we are seeing the political impact of tariff wars, higher interest rates and the potential for higher inflation negatively impacting the US markets.

Although corporate America remains robust, we see the potential impact of wages growth, as a result of Trump's tax cuts, and hence inflation as the biggest risk to the US market continuing its bull run.

During these trade negotiations the underlying demand for resource-based commodities has remained strong and the fallout from these negotiations remains unclear.

The move to a more "risk off" attitude during these negotiations seems to be more driven by fear than fundamentals, and experience to date of the Trump approach seems to indicate hard hitting initial threats are met with middle ground outcomes.

As a result, we remain positive on the outlook for the broader resources market with increasing corporate activity and continuing supply deficits driving outperformance in the sector.

STRATEGY

We will continue to develop the portfolio applying the disciplines of:

- Independent technical analysis
- Benchmarking
- Regular company visits
- Management Assessment
- Assessment of relevant project, country and political risks
- Commodity diversification
- Consensus valuation

We will continue to leverage off the vast network we have at our reach to explore new investment opportunities.

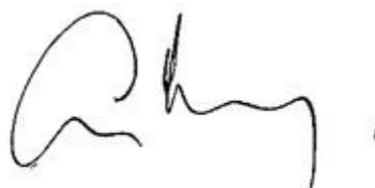
It is important to recognise that the broad base of our investment mandate enables us to invest at many stages of a traditional company life cycle including:

- Project level
- Seed Capital
- IPO
- Placements
- On market
- Private/Unlisted

Finally, on behalf of the board of Precision Funds Management we would like to sincerely thank our loyal shareholders for their continued support, it is greatly appreciated.



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 2018

Your directors present their report on the company for the financial period ended 30 June 2018.

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 company recorded a net profit after tax for the financial period amounting to \$4,855,860.

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 is a finance industry executive with in excess of 20 years' experience in both a stockbroking and investment advisory capacity. Tony began his career with Porter Western in Perth in 1997 prior to its acquisition by Macquarie Bank. Tony has since co-founded a number of boutique corporate advisory and wealth management businesses in Perth and held executive and non-executive directorships roles across companies in related industries, most recently as an Executive Director of Euroz Securities post the acquisition by Euroz of Blackswan Equities. Tony is currently an executive director of Precision Funds Management Pty Ltd and Chieftain Securities Pty Ltd. Tony specialises in advising and assisting growth companies to achieve their outcomes, his executive

PRECISION OPPORTUNITIES FUND LTD

ABN: 11 613 479 262

DIRECTORS' REPORT

FOR THE PERIOD ENDED 30 JUNE 2018

management expertise covers capital markets and equity funding requirements, business strategy, 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 had in excess of 20 years' experience in the Finance industry holding senior roles in Investment Advisory, Management and Corporate Finance. Mr Weir holds a Bachelor of Business from Curtin University majoring in Economics and Finance. He was a founding director of Blackswan Equities which was subsequently acquired by Euroz Ltd in 2015. Prior to this he was a Director of Perth based Stockbroking firm Porter Western Ltd which was Acquired by Macquarie Bank in 2006. Tim is currently an executive director of Precision Funds Management Pty Ltd and Chieftain Securities Pty Ltd and has been involved in a wide range of Equity Capital Market and Advisory transactions.
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

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DIRECTORS' REPORT

FOR THE PERIOD ENDED 30 JUNE 2018

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 2018, and the number of meetings attended by each director were:

	Full Board	
	Attended	Held
Anthony Kenny	2	2
Timothy Weir	2	2
William Beament	2	2
Michael Blakiston	1	2

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 Convertible Redeemable Preference Shares issued on or after 31 March 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

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DIRECTORS' REPORT

FOR THE PERIOD ENDED 30 JUNE 2018

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 2018

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 report 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 2018

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

As lead auditor of Precision Opportunities Fund Ltd for the period ended 30 June 2018, 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 2018

Statement of Profit or Loss and Other Comprehensive Income

PRECISION OPPORTUNITIES FUND LTD

For the year ended 30 June 2018

NOTES 2018 2017

	2018	2017
Income		
Revenue		
Gain on financial assets held at fair value through profit or loss	3,180,418	343,327
Revaluation of financial assets held at fair value through profit or loss	4,573,759	(1,020,538)
Other Income		
Other Revenue	414,601	291,674
Total Income	8,168,778	(385,537)
Expenses		
Depreciation	(877)	(877)
Interest Expenses	(711)	(19)
Administration Expenses	(1,027,094)	(279,134)
Marketing Expense	-	(1,957)
Other Expenses	(48,511)	(22,312)
Total Expenses	(1,077,194)	(304,300)
Profit/(Loss) before Income Tax	7,091,585	(689,836)
Income Tax Expense		
Income Tax Expense	7	2,235,725
Total Income Tax Expense	2,235,725	-
Net Profit / (Loss) After Tax	4,855,860	(689,836)
Other Comprehensive Income	-	-
Total comprehensive income for the year	4,855,860	(689,836)

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

Statement of Financial Position

PRECISION OPPORTUNITIES FUND LTD

For the year ended 30 June 2018

	NOTES	2018	2017
Assets			
Current Assets			
Cash and Cash Equivalents	3	11,431,899	15,992,007
Trade and other receivables	4	322,954	309,240
Other Current Assets		-	5,993
Financial assets held at fair value through profit or loss	5	19,744,951	7,722,607
Total Current Assets		31,499,804	24,029,847
Non-Current Assets			
Intangibles	6	2,632	3,510
Trade and other receivables	4	1,000,000	-
Total Non-Current Assets		1,002,632	3,510
Total Assets		32,502,436	24,033,356
Liabilities			
Current Liabilities			
Current tax liabilities	7	863,597	-
Trade and Other Payables		62,684	10,189
Total Current Liabilities		926,281	10,189
Non-Current Liabilities			
Deferred tax liabilities	8	1,372,128	-
Total Non-Current Liabilities		1,372,128	-
Total Liabilities		2,298,409	10,189
Net Assets		30,204,027	24,023,168
Equity			
Ordinary Class Shares		4	4
Preference Shares		26,038,000	24,713,000
Retained Earnings/(Accumulated Losses)		4,166,023	(689,836)
Total Equity		30,204,027	24,023,168

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

Statement of Changes in Equity

PRECISION OPPORTUNITIES FUND LTD

For the year ended 30 June 2018

	ISSUED CAPITAL	RESERVES	RETAINED EARNINGS (ACCUMULATED LOSSES)	NON CONTROLLING INTEREST	TOTAL
	\$	\$	\$	\$	\$
BALANCE AS AT 1 JULY 2016	-	-	-	-	-
Profit/Loss for the year	-	-	(689,836)	-	(689,836)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	-	(689,836)	-	(689,836)
Ordinary Shares issued during the year	4	-	-	-	4
Preference Shares issued during the year	24,713,000	-	-	-	24,713,000
Dividends Paid or Provided	-	-	-	-	-
BALANCE AS AT 30 JUNE 2017	24,713,004	-	(689,836)	-	24,023,168
BALANCE AS AT 1 JULY 2017	24,713,004	-	(689,836)	-	24,023,168
Profit/Loss for the year	-	-	4,855,860	-	4,855,860
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	-	4,855,860	-	4,855,860
Ordinary Shares issued during the year	-	-	-	-	-
Preference Shares issued during the year	1,325,000	-	-	-	1,325,000
Dividends Paid or Provided	-	-	-	-	-
BALANCE AS AT 30 JUNE 2018	26,038,004	-	4,166,023	-	30,204,027

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

Statement of Cash Flows

PRECISION OPPORTUNITIES FUND LTD

For the year ended 30 June 2018

	2018	2017
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customer	126,040	44,100
Payments to suppliers and employees	(1,031,542)	(316,858)
Dividend Received	71,913	19,050
Interest Received	216,648	232,533
Income Tax (Paid) Refunded	-	-
NET CASH PROVIDED BY/ (USED IN) OPERATING ACTIVITIES	<u>(616,941)</u>	<u>(21,175)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of investments	26,492,864	12,336,577
Purchase of Investments	(31,761,031)	(21,036,395)
NET CASH USED IN INVESTING ACTIVITIES	<u>(5,268,167)</u>	<u>(8,699,818)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	1,325,000	24,713,000
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>1,325,000</u>	<u>24,713,000</u>
NET (DECREASE) IN CASH HELD	(4,560,108)	15,992,007
Cash and Cash Equivalents at beginning of the financial year	15,992,007	-
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR 2018	<u>11,431,899</u>	<u>15,992,007</u>

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

Notes to the Financial Statements

PRECISION OPPORTUNITIES FUND LTD

For the year ended 30 June 2018

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. Accordingly the comparative information reflects the period from this date until 30 June 2017.

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 fair value through profit or loss assets

The gain or loss on disposal of fair value through profit or loss (FVTPL) 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.

Notes to the Financial Statements

PRECISION OPPORTUNITIES FUND LTD

For the year ended 30 June 2018

Other

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

b. Investment in Financial Instruments

Investments in financial instruments, as defined by AASB 132 "Financial Instruments: Presentation", are categorised in accordance with AASB 139 "Financial Instruments: Recognition and Measurement". This classification is determined by the purpose underpinning the acquisition of the investment. The classification of each financial instrument is re-evaluated at each financial period end.

(i) Classification

The Company's investments are categorised as at fair value through profit or loss. They comprise:

Financial Instruments Designated at Fair Value through Profit or Loss

These include financial assets that are not held for trading purposes and which may be sold. These are investments in exchange traded equity instruments. Financial assets and financial liabilities designated at fair value through profit or loss at commencement of operations are those that are managed, and their performance evaluated on a fair value basis in accordance with the Company's documented investment strategy.

(ii) Recognition/ derecognition

The Company recognises financial assets and financial liabilities on the date that it becomes party to the contractual agreement (trade date) and recognise changes in fair value of the financial assets or financial liabilities from this date. Investments are derecognised when the right to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership.

(iii) Measurement

Financial Assets and Liabilities Held at Fair Value through Profit or Loss

At initial recognition, the Company measures a financial asset at its fair value. Transaction costs of financial Assets carried at fair value through profit or loss are expensed in the Statement of Profit or Loss and Other Comprehensive Income. Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the Statement of Profit or Loss and Other Comprehensive Income within net gains/ (losses) on financial instruments held at fair value through profit or loss in the period in which they arise. The fair value of financial assets and liabilities traded in active markets is subsequently based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs. The quoted market price used for financial assets held by the Company is the current close price and the quoted market price for financial liabilities is the current close price.

(iv) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

c. 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.

Notes to the Financial Statements

PRECISION OPPORTUNITIES FUND LTD

For the year ended 30 June 2018

d. 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.

e. 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.

f. 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.

g. Property, plant and equipment

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

h. 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.

Notes to the Financial Statements

PRECISION OPPORTUNITIES FUND LTD

For the year ended 30 June 2018

i. 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.

j. Income tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Current income tax is only calculated on realised gains.

Unrealised gains are not recognised as trading stock, and are furthermore not taxed until realised gains are made.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

The major components of tax expense and the reconciliation of the expected tax expense based on the domestic effective tax rate of Precision Opportunities Fund Ltd at 30% (2017:30%) and the reported tax expense in profit or loss are as follows at Note 7.

k. 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.

Notes to the Financial Statements

PRECISION OPPORTUNITIES FUND LTD

For the year ended 30 June 2018

I. Comparative Figures

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

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.

Key estimates

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.

Carrying value of unlisted investments

At each reporting period, the group assesses whether there is objective evidence that an unlisted investment is impaired by taking into account observable data that comes to the attention of the group about loss events such as significant financial difficulty of the investee, breach of contract and whether there were adverse effects that have taken place in the technological market, economic or legal environment in which the investee operates.

Fair value of financial assets

Fair value reflects 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.

Quoted prices or rates are used to determine fair value where an active market exists. If the market for a financial instrument is not active, fair values are estimated using present value or other valuation techniques, using inputs based on market conditions prevailing on the measurement date.

The values derived from applying these techniques are affected by the choice of valuation model used and the underlying assumptions made regarding inputs such as timing and amounts of future cash flows, discount rates, credit risk, volatility and correlation.

Key judgments

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.

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.

Notes to the Financial Statements

PRECISION OPPORTUNITIES FUND LTD

For the year ended 30 June 2018

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 measureable decrease in estimated future cash flows.

The amount of 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.

n. New Accounting Standards for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Company. The directors have decided not to early adopt any of the new and amended pronouncements. The directors' assessment of the new and amended pronouncements that are relevant to the Company but applicable in future reporting periods is set out below:

AASB 9: Financial Instruments (December 2010) and AASB 2010-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) (applicable for annual reporting periods commencing on or after 1 January 2015).

These Standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments.

The key changes made to accounting requirements that may impact the Company are:

AASB 9: Financial Instruments and associated Amending Standards

AASB 9 is applicable to annual reporting periods beginning on or after 1 July 2018. The Standard will be applicable retrospectively and includes revised requirements for the classification and measurement of financial instruments requirements for financial instruments and hedge accounting.

The key changes that may affect the Company on initial application include certain simplifications to the classification of financial assets and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Based on a preliminary assessment performed over each financial instrument, the effects of AASB 9 are not expected to have a material effect on the Company.

- Simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value; and
- Allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.

The Company has not yet estimated the impact of these pronouncements on its financial statements.

These Standards are not expected to significantly impact the Company's financial statements.

Notes to the Financial Statements

PRECISION OPPORTUNITIES FUND LTD

For the year ended 30 June 2018

AASB 15: Revenue from Contracts with Customers, (effective from 1 January 2018)

The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts.

The new standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.

The fund's main source of income are interest, dividends and gains on financial instruments held at fair value. All of these are outside the scope of the new revenue standard. As consequence, the directors do not expect the adoption of the new revenue recognition rules to have a significant impact on the Fund's accounting policies or the amounts recognized in the financial statements.

AASB 16: Leases (applicable for annual reporting periods commencing on or after 1 January 2019)

The key features of AASB 16 are as follows:

Lessee accounting

- Lessees are required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.
- A lessee measures right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities.
- Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the lessee is reasonable certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease.

AASB 16 contains disclosure requirements for lessees.

Lessor accounting

- AASB 16 substantially carries forward the lessor accounting requirements in AASB 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.
- AASB 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk.

Early adoption is permitted, provided the new revenue standard, AASB 15 with Customers, has been applied, or is applied at the same date as AASB 16.

The effect of this amendment on the Group's financial statements has yet to be determined.

	2018	2017
3. Cash&CashEquivalents		
Cash at bank	11,431,895	15,992,003
Cash on hand	4	4
Total Cash & Cash Equivalents	11,431,899	15,992,007

Notes to the Financial Statements

PRECISION OPPORTUNITIES FUND LTD

For the year ended 30 June 2018

	2018	2017
4. Receivables		
<u>Current</u>		
GST Account	22,954	-
Interest Receivable	-	9,240
Convertible Notes	300,000	300,000
Total Current	322,954	309,240
<u>Non-Current</u>		
Convertible Notes	1,000,000	-
Total Non Current	1,000,000	-
Total Receivables	1,322,954	309,240

	2018	2017
5. Financial Assets held at fair value through profit or loss		
<u>Designated at fair value through profit or loss</u>		
Equity Securities	19,744,951	7,722,607
Total designated at fair value through profit or loss	19,744,951	7,722,607
<u>Comprising:</u>		
Equity Securities		
Australian Equity Securities	19,338,901	7,604,274
International Equity Securities	406,050	118,333
Total designated at fair value through profit or loss	19,744,951	7,722,607
Total Financial Assets held at fair value through profit or loss	19,744,951	7,722,607

	2018	2017
6. Intangibles		
<u>Other Intangible Assets</u>		
Website Design at Cost	4,387	4,387
Accumulated Amortisation	(1,755)	(877)
Total Other Intangible Assets	2,632	3,510
Total Intangibles	2,632	3,510

Notes to the Financial Statements

PRECISION OPPORTUNITIES FUND LTD

For the year ended 30 June 2018

	2018	2017
7. Income Tax Expense		
Profit / (loss) before tax	7,091,585	(689,836)
Domestic tax rate for Precision Opportunities Fund Ltd	30%	30%
Tax expense comprises:		
- Current tax expense	863,597	(206,950)
Deferred tax expense/ (income):		
- Revaluation of FVTPL assets	1,372,128	(206,950)
Total Tax Expense	2,235,725	-

8. Deferred tax assets and liabilities

Deferred taxes arising from temporary differences and unused tax losses can be summarised as follows:

Deferred tax liabilities / (assets)	1 July 2017	Recognised in profit and loss	30 June 2018
	\$	\$	\$
Non-current assets			
Investments	0	1,372,128	1,372,128

A deferred tax liability of \$1,372,128 (2017: nil) associated with revaluation of FVTPL investment. All deferred tax liabilities have been recognised in the statement of financial position.

	2018	2017
9. Issued Capital		
a. 4 (2017:4) Fully Paid Ordinary Shares	4	4

The Company has authorised share capital amounting to 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' meeting each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Notes to the Financial Statements

PRECISION OPPORTUNITIES FUND LTD For the year ended 30 June 2018

b. 8,979,981 convertible redeemable preference share

The Company has authorised share capital amounting to 127,933,080 convertible redeemable preference shares of \$0.20 per value.

Convertible redeemable preference shares participate in dividends.	26,038,000	24,713,000
At the shareholders' meeting, each convertible redeemable preference share is entitled to one vote when a poll is called, otherwise each shareholder has vote on a show of hands.		
At the beginning of the reporting period:	123,438,933	-
Share issued during the period:		
28 February 2018	4,494,147	-
30 June 2018	1,046,901	123,438,933
At the end of reporting period	128,979,981	123,438,933

	2018	2017
10. Cash Flow Information		
Reconciliation of Cash Flow from Operations with Profit after Income Tax	4,855,860	(689,836)
Adjustment for non-cash components in profit:		
Depreciation	877	877
Net Gain/Loss on disposal of investment	(7,754,177)	677,211
Changes in Assets and Liabilities		
Increase in trade and other receivables	(7,721)	(15,233)
Increase in trade and other payable	-	(4,383)
Increase in trade and other payables	916,092	10,189
Deferred tax liabilities	1,372,128	-
Net Cash decrease in Cash Held	(616,941)	(21,175)

Director(s) Declaration

PRECISION OPPORTUNITIES FUND LTD

For the year ended 30 June 2018

The director(s) 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 outlined in Note 2 to the financial statements.

The director(s) 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 2 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 2018 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 director(s)' 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 Director(s) and is signed for and on behalf of the directors by:



Director: _____

Anthony Kenny

Signature date: 31 October 2018



Director: _____

Timothy Leonard Weir

Signature date: 31 October 2018

INDEPENDENT AUDITOR'S REPORT

To the members of Precision Opportunities Fund Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Precision Opportunities Fund Ltd (the Company), which comprises the statement of financial position as at 30 June 2018, 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 Ltd, 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 2018 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 2018, 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

This description forms part of our auditor's report.

BDO Audit (WA) Pty Ltd



Dean Just

Director

Perth, 31 October 2018