John Bridgeman Limited
Preliminary Final Report
30 June 2018

1. Company details

Name of entity: John Bridgeman Limited
ACN: 603 477 185
Reporting period: For the financial year ended 30 June 2018
Previous period: For the financial year ended 30 June 2017

2. Results for announcement to the market

				$
2.1 Revenues from ordinary activities	up	217.3%	to	54,015,375
2.2 Loss from ordinary activities after tax attributable to the owners of John Bridgeman Limited	down	270.3%	to	(6,849,609)
2.3 Loss for the year attributable to the owners of John Bridgeman Limited	down	270.3%	to	(6,849,609)

2.4 There were no dividends paid, recommended or declared during the current financial period. It is not proposed to pay a dividend at this time.

Comments

For the year ended 30 June 2018, the loss for the consolidated entity (including non-controlling interests) after tax amounted to $10,765,127 (30 June 2017: profit $4,424,050).

3. **Statement of Comprehensive Income** – attached
4. **Statement of Financial Position** – attached
5. **Statement of Cashflows** – attached
6. **Statement of changes in equity** – attached
7. **Dividend payments** – refer 2.4 above
8. **Dividend reinvestment plan** – not applicable at this time as no dividends are currently payable.

9. Net tangible assets

	Reporting Period Cents	Previous Period Cents
Net tangible assets per ordinary security	30.91	97.91

10. Control gained / lost over entities

Refer to note 1- *Principles of consolidation* in the financial statements regarding the inclusion of a number of entities in the consolidated financial statements although the Company's economic interest in them is less than 22%.

The following additional entities were included in the consolidated financial statements for the year ended 30 June 2018, Numbers 1 - 3 were the result of acquisitions and 4 - 7 were newly incorporated entities:

1. Australian Legal Support Group Pty Ltd
2. Genesis Proprietary Trading Pty Ltd
3. Growth Point Capital Pty Ltd (formerly Schuh Group Finance Pty Ltd)

4. Great Rate Finance Pty Ltd
5. Risk & Security Management (NZ) Limited
6. JB Trading House Pty Ltd
7. JB Macro Funds Management Limited

11. Details of associates and joint ventures entities – Not applicable

12. Other significant information

12.1 Announcement of scrip bid for Henry Morgan Limited and Benjamin Hornigold Limited

On the 10th September 2018, John Bridgeman Limited announced its intention to make an off-market takeover offer to acquire:

- all of the issued shares in Henry Morgan Limited ('HML') that it currently does not own; and
- all of the issued shares and options in Benjamin Hornigold Limited ('BHD') that it does not own.

The offers are not interdependent.

The proposed offer for HML is for accepting shareholders in HML to receive 0.95 JBL shares for each HML share.

The proposed offer for BHD is for accepting shareholders in BHD to receive 0.65 JBL shares for each BHD share and 0.5 JBL options for each BHD option.

The offer is subject to 50.1% acceptance conditions.

Further information is available in the announcements made by the Company to the NSX which can be accessed at: https://www.nsx.com.au/marketdata/company-directory/announcements/JBL/

13. Foreign entities – Not applicable

14. Commentary on results for the period

14.1 Earnings per share	**Cents**
Basic earnings per share	(26.72)
Diluted earnings per share	(26.72)

Only options with an exercise price lower than the average market price of ordinary shares of the Company during the period are considered when calculating diluted earnings per share. In the case of a loss, the options are anti-dilutive and consequently the diluted and the basic earnings per share are the same.

	Number
Weighted average number of ordinary shares used in calculating basic earnings per share.	25,694,957
Adjustments for calculation of diluted earnings per share:	
Options over ordinary shares	-
Weight average number of ordinary shares used in calculating diluted earnings per share	25,694,957

14.2 There were no returns to shareholders during the year.

14.3 Significant features of operating performance

For the year ended 30 June 2018, the loss for the consolidated entity (including non-controlling interests) after tax amounted to $10,765,578 (30 June 2017; Profit $4,424,050).

The significant revenue growth associated with the development of subsidiaries acquired in the 2017 and 2018 financial years resulted in increased operating costs during the first half of the financial year and included one of costs associated with integration of companies within JB Financial Group. Further operating cost reductions in the second half of the year have taken effect and are expected to improve profitability for the business in future financial years.

Contributing to the result was the unrealised loss on investments of $2,504,982 and impairment of purchased debt ledgers by $2,124,346.

14.4 Segments

The consolidated entity is organised into two operating segments:

- Investment Management Services: The segment consists of the Group's provision of investment management services for clients and management of its own listed equity investments. The result for the year in this segment was a loss after tax of $4,511,680.

- Operations of investments in subsidiaries: The segment consists of the operational activities of entities included in the consolidated Group in accordance with AASB 10 Consolidated Financial Statements. It consists of both new and existing unlisted entities by incorporation of new entities and acquisition, building a portfolio of investment in operating entities with future growth prospects. The result for the year in this segment was a loss of $6,253,898.

14.5 Trends in performance

The market-based nature of the Company's investment returns may result in fluctuations in financial performance from year to year.

14.6 Factors which may affect the results of the Company in the future include the following:

The Company has rationalised costs during the second half of the financial year. These cost reductions are expected to improve profitability of the Company's operations in future financial years.

15. Audit

The report is based on accounts which are in the process of being audited.

John Bridgeman Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2018

	Note	Consolidated 2018 $	Consolidated 2017 $
Revenue	2	54,015,375	17,023,101
Other income	3	(2,325,979)	4,067,097
Expenses			
Operating expenses	4	(15,072,554)	(1,659,665)
Trading expenses	5	(5,617,464)	-
Employee benefits expense	6	(25,641,201)	(6,858,054)
Professional services expenses	7	(11,320,740)	(3,220,037)
Other expenses	8	(7,155,751)	(2,905,734)
Impairment of assets	17	(2,124,346)	-
Interest expense		(735,216)	(91,217)
Profit/(loss) before income tax (expense)/benefit		(15,977,876)	6,355,491
Income tax (expense)/benefit	9	5,212,298	(1,931,441)
Profit/(loss) after income tax (expense)/benefit for the year		(10,765,578)	4,424,050
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		451	(1,410)
Other comprehensive income for the year, net of tax		451	(1,410)
Total comprehensive income for the year		(10,765,127)	4,422,640
Profit/(loss) for the year is attributable to:			
Non-controlling interest		(3,915,969)	400,850
Owners of John Bridgeman Limited	28	(6,849,609)	4,023,200
		(10,765,578)	4,424,050
Total comprehensive income for the year is attributable to:			
Non-controlling interest		(3,915,969)	400,850
Owners of John Bridgeman Limited		(6,849,158)	4,021,790
		(10,765,127)	4,422,640
		Cents	**Cents**
Basic earnings per share	10	(26.66)	22.21
Diluted earnings per share	10	(26.66)	15.61

The above statement of profit or loss and other comprehensive income is based on accounts which are in the process of being audited and should be read in conjunction with the accompanying notes

John Bridgeman Limited
Statement of financial position
As at 30 June 2018

	Note	Consolidated 2018 $	Consolidated 2017 $
Assets			
Current assets			
Cash and cash equivalents	11	22,349,172	11,643,090
Inventory	12	45,511	48,039
Trade and other receivables	13	9,794,510	17,063,763
Financial instruments		42,520	-
Term deposits		908,225	593,793
Purchased debt ledgers		157,288	700,212
Other current assets	14	1,451,142	395,692
Total current assets		34,748,368	30,444,589
Non-current assets			
Investments at fair value through profit and loss	25	3,993,358	6,670,679
Property, plant and equipment	15	5,658,627	4,302,449
Intangibles	16	47,304,820	32,985,886
Deferred tax	9	8,372,240	2,045,379
Purchased debt ledgers	17	434,662	2,099,788
Security deposits	18	764,004	91,113
Total non-current assets		66,527,711	48,195,294
Total assets		101,276,079	78,639,883
Liabilities			
Current liabilities			
Trade and other payables	19	31,905,019	8,378,468
Borrowings	20	3,030,158	2,228,943
Income tax	9	3,029,626	3,199,492
Provisions	21	1,458,988	792,138
Total current liabilities		39,423,791	14,599,041
Non-current liabilities			
Payables	22	303,691	1,212,283
Borrowings	23	5,285,954	5,813,467
Provisions	24	683,257	542,342
Total non-current liabilities		6,272,902	7,568,092
Total liabilities		45,696,693	22,167,133
Net assets		55,579,386	56,472,750
Equity			
Issued capital	26	25,567,380	20,216,505
Reserves	27	(10,253,708)	(6,003,026)
Retained profits/(accumulated losses)	28	(3,970,489)	2,879,120
Equity attributable to the owners of John Bridgeman Limited		11,343,183	17,092,599
Non-controlling interest		44,236,203	39,380,151
Total equity		55,579,386	56,472,750

The above statement of financial position is based on accounts which are in the process of being audited and should be read in conjunction with the accompanying notes

John Bridgeman Limited
Statement of changes in equity
For the year ended 30 June 2018

Consolidated	Issued capital $	Reserves $	Retained profits/ (losses) $	Non-controlling interest $	Total equity $
Balance at 1 July 2016	10,033,968	212,595	(1,144,080)	1,327,028	10,429,511
Profit after income tax expense for the year	-	-	4,023,200	400,850	4,424,050
Other comprehensive income for the year, net of tax	-	(1,410)	-	-	(1,410)
Total comprehensive income for the year	-	(1,410)	4,023,200	400,850	4,422,640
Purchase of NCI in subsidiaries	-	(6,475,395)	-	-	(6,475,395)
Acquisition of subsidiary with NCI	-	-	-	37,652,273	37,652,273
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 26)	10,182,537	-	-	-	10,182,537
Issue of convertible notes	-	261,184	-	-	261,184
Balance at 30 June 2017	20,216,505	(6,003,026)	2,879,120	39,380,151	56,472,750

Consolidated	Issued capital $	Reserves $	Retained profits/ (losses) $	Non-controlling interest $	Total equity $
Balance at 1 July 2017	20,216,505	(6,003,026)	2,879,120	39,380,151	56,472,750
Loss after income tax benefit for the year	-	-	(6,849,609)	(3,915,969)	(10,765,578)
Other comprehensive income for the year, net of tax	-	451	-	-	451
Total comprehensive income for the year	-	451	(6,849,609)	(3,915,969)	(10,765,127)
Share-holder interest reserve reclassified to NCI	-	(4,209,024)	-	4,209,024	-
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 26)	4,762,878	-	-	-	4,762,878
Exercise of options on convertible notes	587,997	(42,109)	-	-	545,888
Acquisition of NCI interests in a subsidiary	-	-	-	(237,000)	(237,000)
NCI recognised as part of share-based acquisition of Group entity	-	-	-	5,499,997	5,499,997
Acquisition of shares from NCI	-	-	-	(700,000)	(700,000)
Balance at 30 June 2018	25,567,380	(10,253,708)	(3,970,489)	44,236,203	55,579,386

The above statement of changes in equity is based on accounts which are in the process of being audited and should be read in conjunction with the accompanying notes

John Bridgeman Limited
Statement of cash flows
For the year ended 30 June 2018

	Note	Consolidated 2018 $	2017 $
Cash flows from operating activities			
Receipts from customers		59,445,395	11,599,131
Payments to suppliers and employees		(62,165,647)	(8,222,293)
Proceeds from sale of investments		258,994	2,693,571
Payments for purchase of investments		(147,627)	(4,371,357)
Payments for purchased debt ledgers		-	(2,800,000)
Collection on purchased debt ledgers		83,704	-
		(2,525,181)	(1,100,948)
Dividends received		4,800	592,699
Interest received		205,496	12,584
Interest and other finance costs paid		(555,355)	(78,093)
Income taxes paid		(1,284,429)	(919,012)
Net cash used in operating activities	30	(4,154,669)	(1,492,770)
Cash flows from investing activities			
Payment for purchase of subsidiaries, net of cash acquired		3,499,311	(8,273,093)
Payments for property, plant and equipment	15	(2,196,909)	(1,496,482)
Payments for intangibles	16	(2,368,643)	(1,169,344)
Placement of term deposits		(314,431)	-
Proceeds from disposal of property, plant and equipment		115,332	-
Net cash used in investing activities		(1,265,340)	(10,938,919)
Cash flows from financing activities			
Proceeds from issue of shares		8,710,907	7,357,826
Foreign currency received from investors		8,213,198	-
Proceeds from issue of convertible notes		-	3,848,950
Proceeds from borrowings		2,313,409	3,201,439
Issue of shares to non-controlling interest, net of returns of capital		-	9,871,398
Share issue transaction costs		-	(71,802)
Repayment of borrowings		(3,111,423)	-
Payment of pre-acquisition dividends		-	(2,001,213)
Net cash from financing activities		16,126,091	22,206,598
Net increase in cash and cash equivalents		10,706,082	9,774,909
Cash and cash equivalents at the beginning of the financial year		11,643,090	1,868,573
Effects of exchange rate changes on cash and cash equivalents		-	(392)
Cash and cash equivalents at the end of the financial year	11	22,349,172	11,643,090

The above statement of cash flows is based on accounts which are in the process of being audited and should be read in conjunction with the accompanying notes

Note 1. Operating segments

Identification of reportable operating segments
The consolidated entity is organised into two operating segments:

- Investment Management Services: The segment consists of the Group's provision of investment management services for clients and management of its own listed equity investments

- Operations of investments in subsidiaries: The segment consists of the operational activities of entities included in the consolidated Group in accordance with AASB 10 Consolidated Financial Statements. It consists of both new and existing unlisted entities by incorporation of new entities and acquisition, building a portfolio of investment in operating entities with future growth prospects.

These operating segments are based on the internal reports that are reviewed and used by the Managing Director and his immediate executive team (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

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

Intersegment receivables, payables and loans
Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

2018	Investment management services $	Operations of investments in subsidiaries $	Total $
External revenue	5,192,708	50,529,511	55,722,219
Intersegment revenue	(904,030)	(802,814)	(1,706,844)
Net revenue	4,288,678	49,726,697	54,015,375
Other income	(2,502,528)	(28,946)	(2,531,474)
Interest income	2,392	203,103	205,495
Total other income	(2,500,136)	174,157	(2,325,979)
Depreciation and amortisation	(331,328)	(1,455,676)	(1,787,004)
Other operating expenses	(1,132,499)	(12,153,051)	(13,285,550)
Total operating expenses	(1,463,827)	(13,608,727)	(15,072,554)
Trading expenses	-	(5,617,464)	(5,617,464)
Employee benefits expense	(3,937,270)	(21,703,931)	(25,641,201)
Professional services expense	(1,245,112)	(10,075,628)	(11,320,740)
Other expenses	(1,885,204)	(5,270,547)	(7,155,751)
Impairment of assets	-	(2,124,346)	(2,124,346)
Interest expense	(606,271)	(128,945)	(735,216)
(Loss) / profit before tax	(7,349,142)	(8,628,734)	(15,977,876)
Income tax benefit (expense)	2,837,462	2,374,836	5,212,298
(Loss) / profit after tax	(4,511,680)	(6,253,898)	(10,765,578)

2018	Investment Management services $	Operations of investments in subsidiaries $	Total $
Segment assets	10,893,549	90,382,530	101,276,079
Segment liabilities	(20,836,939)	(24,859,754)	(45,696,693)
Segment net assets	(9,943,390)	65,522,776	55,579,386

Note 1. Operating segments (continued)

2017	Investment management services $	Operations of investments in subsidiaries $	Total $
External revenue	18,754,354	4,301,387	23,055,741
Intersegment revenue	(9,236,595)	3,203,955	(6,032,640)
Net revenue	9,517,759	7,505,342	17,023,101
Other income	3,856,163	193,955	4,050,118
Interest income	8,385	8,594	16,979
Total other income	3,864,548	202,549	4,067,097
Depreciation and amortisation	(31,544)	(347,816)	(379,360)
Other operating expenses	(204,000)	(1,076,305)	(1,280,305)
Total operating expenses	(235,544)	(1,424,121)	(1,659,665)
Employee benefits expense	(1,695,861)	(5,162,193)	(6,858,054)
Professional services expense	(1,081,058)	(2,138,979)	(3,220,037)
Other expenses	(740,052)	(2,165,682)	(2,905,734)
Interest expense	(31,105)	(60,112)	(91,217)
(Loss) / Profit before tax	9,598,687	(3,243,196)	6,355,491
Income tax benefit / (expense)	(12,565,697)	10,634,256	(1,931,441)
(Loss) / profit after tax	(2,967,010)	7,391,060	4,424,050

2017	Investment management services $	Operations of investments in subsidiaries $	Total $
Segment assets	11,899,616	66,740,267	78,639,883
Segment liabilities	(13,425,038)	(8,742,095)	(22,167,133)
Segment net assets	(1,525,422)	57,998,172	56,472,750

Note 2. Revenue

Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Note 2. Revenue (continued)

	Consolidated 2018 $	Consolidated 2017 $
Sales and services revenue		
Foreign currency exchange revenue	11,368,150	4,328,682
Proprietary trading revenue	14,777,787	-
Professional services	17,750,753	3,768,083
Consultancy fee income	893,434	-
Brokerage and commission	5,039,385	1,031,414
Restaurant sales	1,558,468	-
	51,387,977	9,128,179
Other income		
Management fees	1,723,368	785,600
Performance fees	904,030	7,109,322
	2,627,398	7,894,922
Revenue	54,015,375	17,023,101

Foreign currency exchange revenue
Foreign currency revenue is the difference between the cost and selling price of currency (foreign currency margin) and the revaluation of open foreign exchange positions to fair value. Foreign currency margin revenue is recognised as earned when the transaction is completed.

Proprietary trading revenue
Proprietary trading revenue are the gains/losses that arise from exchange traded derivatives and are recognised in the statement of profit and loss.

Professional services
Revenue recognition relating to professional services is determined in proportion to the stage of completion of the transaction at reporting date. When the outcome cannot be measured reliably, revenue is recognised only to the extent that related expenditure is recoverable.

Brokerage and commissions income
Brokerage and commission income consists of fees earned from undertaking requested investing activities, and are recognised as services are performed. Where commission and brokerage revenue is subject to meeting certain performance hurdles they are recognised when it is highly probable those conditions will not affect the outcome.

Restaurant sales
Restaurant sale revenue on food and beverage sales is recognised as services are rendered.

Net gain/(loss) on financial instruments at fair value through profit or loss
Gains and losses arising from changes in the fair value of investments held are recognised in the statement of profit or loss and other comprehensive income in the period in which they arise.

Interest revenue
Interest revenue is recognised as it accrues, using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Management fee and performance fee income
Management fees are recognised in accordance with agreements entered into with counterparties to whom management services are provided. Management fees for ongoing management services are charged on a regular basis and recognised at the time the services are provided. Performance fees are recognised when financial performance outcomes of the underlying investment companies can be reliably measured. Performance fees are accrued when any outperformance of stated benchmarks are exceeded.

Note 3. Other income

	Consolidated 2018 $	Consolidated 2017 $
Net foreign exchange gain	(168,004)	138,704
Dividend income	4,800	592,699
Share of profits of associates accounted for using the equity method	-	83,771
Interest income	114,816	16,979
Interest income on purchased debt ledgers	90,679	-
Net (loss) / gain on financial instruments at fair value through profit or loss	(2,504,982)	3,207,603
Miscellaneous income	136,712	27,341
Other income	(2,325,979)	4,067,097

Note 4. Operating expenses

	Consolidated 2018 $	Consolidated 2017 $
Foreign banknote usage fee	618,511	-
Commissions paid to investment brokers	3,002,764	279,907
Dealing expenses	39,893	2,836
Restaurant cost of sales	693,365	-
Depreciation and amortisation	1,787,004	379,360
Impairment of software	300,743	-
Rental expenses	4,070,408	997,562
Exchange fees	4,559,866	-
	15,072,554	1,659,665

Note 5. Trading expenses

Traders fees are the profit share earned and paid out to the proprietary traders of Genesis.

	Consolidated 2018 $	Consolidated 2017 $
Traders fees	5,617,464	-

Note 6. Employee benefits expense

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

The grant date fair value of equity-settled share-based payment awards granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

	Consolidated	
	2018	**2017**
	$	**$**
Salary, wages and other short term benefits	23,814,308	6,152,344
Post-employment benefits	1,733,947	563,342
Long term benefits	92,946	142,368
	25,641,201	6,858,054

Share based payments

There were no share-based payments included in employee benefits during the year ended 30 June 2018.

Note 7. Professional services expenses

	Consolidated	
	2018	**2017**
	$	**$**
Professional services expenses - Consultants	8,771,938	1,881,382
Professional services expenses - Legal expenses	766,793	321,815
Professional services expenses - Accounting and audit expenses	1,545,086	860,178
Insurance	236,923	156,662
	11,320,740	3,220,037

Note 8. Other expenses

	Consolidated 2018 $	Consolidated 2017 $
Travel expenses	934,959	767,124
Management fees	145,976	503,978
Marketing and advertising	702,136	385,970
Printing and stationery	247,680	104,935
IT and communications	1,333,128	259,523
Professional subscriptions	725,344	29,582
Transport	284,000	84,609
Utilities	227,988	33,528
Security Expenses	526,294	4,776
Net gain on disposal of property, plant and equipment	11,204	-
Staff related expenses	217,318	95,045
Administration costs	412,443	150,263
Merchant fees	157,088	58,289
Other	1,230,193	428,112
	7,155,751	2,905,734

Note 9. Income tax

	Consolidated 2018 $	Consolidated 2017 $
Income tax expense/(benefit)		
Current tax	1,325,806	(1,650,374)
Deferred tax - origination and reversal of temporary differences	(6,538,104)	3,581,815
Aggregate income tax expense/(benefit)	(5,212,298)	1,931,441
Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate		
Profit/(loss) before income tax (expense)/benefit	(15,977,876)	6,355,491
Tax at the statutory tax rate of 30%	(4,793,363)	1,906,647
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Permanent differences	277,360	107,327
Franking credits received	-	(79,372)
Differential tax rates across jurisdictions	395	(3,161)
Prior years unders / overs	(696,690)	-
Income tax expense/(benefit)	(5,212,298)	1,931,441

Note 9. Income tax (continued)

	Consolidated 2018 $	Consolidated 2017 $
Deferred tax asset		
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Tax losses	3,993,287	2,226,316
Impairment of receivables	90,679	24,704
Property, plant and equipment	(14,184)	(5,883)
Provision for trader settlements	2,282,482	-
Short term provisions and other payables	927,707	700,211
Capital raising costs (deductible over 5 years)	88,358	93,089
Unrealised gains on financial assets	1,493,367	(883,891)
Interest receivable	(69,870)	(45,690)
Other current assets	(729)	(63,477)
Work in progress	(162,872)	-
Accrued revenue	(255,985)	-
Deferred tax asset	8,372,240	2,045,379

	Consolidated 2018 $	Consolidated 2017 $
Provision for income tax		
Provision for income tax	3,029,626	3,199,492

Accounting policy for income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Note 10. Earnings per share

	Consolidated 2018 $	Consolidated 2017 $
Profit/(loss) after income tax	(10,765,578)	4,424,050
Non-controlling interest	3,915,969	(400,850)
Profit/(loss) after income tax attributable to the owners of John Bridgeman Limited	(6,849,609)	4,023,200
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	25,694,957	18,117,183
Adjustments for calculation of diluted earnings per share:		
Weighted average number of dilutive options and convertible notes outstanding	-	7,660,096
Weighted average number of ordinary shares used in calculating diluted earnings per share	25,694,957	25,777,279
	Cents	**Cents**
Basic earnings per share	(26.66)	22.21
Diluted earnings per share	(26.66)	15.61

In the calculation of diluted earnings per share, only those options with an exercise price lower than the average market price of ordinary shares of the Company during the period are considered when calculating the effect of options.

Antidilutive options were excluded from dilutive EPS calculation, therefore the basic and diluted EPS are the same.

Accounting policy for earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of John Bridgeman Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Note 11. Current assets - Cash and cash equivalents

	Consolidated	
	2018	2017
	$	$
Currency held as stock (a)	9,140,900	2,763,176
Cash at bank	13,208,272	8,879,914
	22,349,172	11,643,090

Reconciliation to cash and cash equivalents at the end of the financial year
The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:

Balances as above	22,349,172	11,643,090
Bank overdraft (note 20)	(22,883)	(332,822)
Balance as per statement of cash flows	22,326,289	11,310,268

(a) The Group holds cash in foreign currencies as stock for is currency exchange businesses. Foreign currency held as stock is accounted for at the Australian dollar equivalent based on the prevailing exchange rate at the close of business on the balance date. Foreign exchange gains and losses from the translation at year end exchange rates are recognised in profit or loss classified as other income/ other expenses.

Accounting policy for cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Note 12. Current assets - Inventory

	Consolidated	
	2018	2017
	$	$
Restaurant inventories	45,511	48,039

Accounting policy for inventories
Stock on hand is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Note 13. Current assets - Trade and other receivables

	Consolidated 2018 $	Consolidated 2017 $
Trade receivables	4,809,298	7,742,919
Less: Provision for impairment of receivables	(48,242)	(82,599)
	4,761,056	7,660,320
Other receivables	543,454	306,403
Receivable in respect of issue of shares by Group entities	2,440,000	7,047,040
Receivable for sale of listed shares	2,050,000	2,050,000
	9,794,510	17,063,763

Past due but not impaired
Customers with balances past due but without provision for impairment of receivables amount to $2,522,462 as at 30 June 2018 ($1,436,007 as at 30 June 2017).

The ageing of the past due but not impaired receivables are as follows:

	Consolidated 2018 $	Consolidated 2017 $
0 to 3 months overdue	2,346,296	1,140,144
3 to 6 months overdue	176,166	295,863
	2,522,462	1,436,007

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

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

Other receivables are recognised at amortised cost, less any provision for impairment.

Note 14. Current assets - Other current assets

Other current assets consist of prepayments and deposits which have been or are expected to be realised within 12 months of the reporting date.

	Consolidated 2018 $	Consolidated 2017 $
Accrued revenue	698,559	-
Prepayments	485,319	247,594
Licence fee deposit - non-refundable	-	148,098
Other current assets	267,264	-
	1,451,142	395,692

Note 15. Non-current assets - property, plant and equipment

	Consolidated 2018 $	Consolidated 2017 $
Leasehold improvements - at cost	3,980,165	2,013,486
Less: Accumulated depreciation	(599,292)	(22,344)
	3,380,873	1,991,142
Plant and equipment - at cost	1,711,218	1,317,632
Less: Accumulated depreciation	(308,954)	(59,183)
	1,402,264	1,258,449
Motor vehicles - at cost	1,067,571	1,084,323
Less: Accumulated depreciation	(192,081)	(31,465)
	875,490	1,052,858
	5,658,627	4,302,449

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Leasehold improvements $	Plant and equipment $	Motor vehicles $	Total $
Balance at 1 July 2016	-	-	5,681	5,681
Additions	1,926,098	624,814	772,690	3,323,602
Additions through business combinations	87,388	692,815	313,880	1,094,083
Disposals	-	-	(6,615)	(6,615)
Depreciation expense	(22,344)	(59,180)	(32,778)	(114,302)
Balance at 30 June 2017	1,991,142	1,258,449	1,052,858	4,302,449
Additions	1,515,391	647,828	33,690	2,196,909
Additions through business combinations	117,762	128,115	16,115	261,992
Disposals	(328)	(48,446)	(66,557)	(115,331)
Exchange differences	-	(56)	-	(56)
Transfers in/(out)	333,853	(333,853)	-	-
Depreciation expense	(576,947)	(249,773)	(160,616)	(987,336)
Balance at 30 June 2018	3,380,873	1,402,264	875,490	5,658,627

Note 15. Non-current assets - property, plant and equipment (continued)

Accounting policy for property, plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Leasehold improvements	4-10 years
Plant and equipment	3-10 years
Motor vehicles	5 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Note 16. Non-current assets - Intangibles

	Consolidated	
	2018 $	2017 $
Goodwill - at cost	40,107,865	29,682,845
Licenses - at cost	4,963,960	3,485,709
Less: Accumulated amortisation	(750,365)	(261,428)
	4,213,595	3,224,281
Software - at cost	3,598,461	82,390
Less: Accumulated amortisation	(314,359)	(3,630)
Less: Impairment	(300,742)	-
	2,983,360	78,760
	47,304,820	32,985,886

Note 16. Non-current assets - Intangibles (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Goodwill $	Licences $	Software $	Total $
Balance at 1 July 2016	434,226	-	-	434,226
Additions	-	3,485,709	29,555	3,515,264
Additions through business combinations	29,423,585	-	52,835	29,476,420
Disposals	(174,966)	-	-	(174,966)
Amortisation expense	-	(261,428)	(3,630)	(265,058)
Balance at 30 June 2017	29,682,845	3,224,281	78,760	32,985,886
Additions	-	1,478,252	890,391	2,368,643
Additions through business combinations	13,058,928	-	25,680	13,084,608
Finalisation of provisional accounting	(2,630,377)	-	2,600,000	(30,377)
Exchange differences	(3,531)	-	-	(3,531)
Impairment of assets	-	-	(300,742)	(300,742)
Amortisation expense	-	(488,938)	(310,729)	(799,667)
Balance at 30 June 2018	40,107,865	4,213,595	2,983,360	47,304,820

For the purpose of impairment testing, goodwill is allocated to the Group's CGUs (operating divisions) as follows:

	Consolidated 2018 $	Consolidated 2017 $
Impairment testing for CGU's containing goodwill		
Operations of investments in subsidiaries in JBFG	40,107,865	29,682,845

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated. The recoverable amount of an asset or CGU is the higher of the fair value less costs to disposal and the value in use. Value in use is the present value of the future cash expected to be derived from an asset or cash-generating unit.

At the end of the reporting period, the Group determines whether there is evidence of an impairment indicator in the CGUs. Where this indicator exists, and regardless of an indicator for indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

All of the Group's goodwill is contained within JBFG and its subsidiaries. The Group has evaluated the recoverability of goodwill with reference to the Director's assessment of the fair value less costs of sale of JBFG and its subsidiaries. The fair value measurement was categorised as a Level 3 fair value based on the inputs in the valuation. The fair value has been determined from management forecasts prepared by the subsidiary executives and calculated on the sum of parts basis and application of a multiple which has been discounted for unlisted status and liquidity.

The key inputs into the impairment model are consistent with the assumptions that a market participant would make. The determination of the recoverable amount of the Group's CGU containing goodwill involved significant estimates and judgements and are subject to the risk of adverse and sustained changes in the market conditions.. The sensitivity analysis performed by the Group indicates a reasonably possible change in any of the key assumptions would not result in impairment of goodwill as at 30 June 2018.

The Group recognised an impairment expense of $300,742 for the total amount of its software development asset in JB Fintech Services as the software is being transferred to an external entity as consideration for a minority interest investment, however the transfer terms have not been finalised.

Note 16. Non-current assets - Intangibles (continued)

Accounting policy for intangible assets
Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill
Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Licences
Significant costs associated with licences are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of between 5 and 10 years.

Software
Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

Note 17. Non-current assets - Purchased debt ledgers

	Consolidated	
	2018	2017
	$	$
Purchased debt ledgers	2,559,008	2,099,788
Provision for purchased debt ledgers (a)	(2,124,346)	-
	434,662	2,099,788

(a) Tranches of purchased debt ledgers are grouped together on the basis of similar credit characteristics for the purpose of calculating collective impairment losses. Collective impairment provisions are currently based on the historical loss experience in the industry applied to current available observable data on the tranches. The amount required to bring the collective provision for impairment to its required level is charged to profit or loss.

Note 18. Non-current assets - Security deposits

	Consolidated	
	2018	2017
	$	$
Security deposits - refundable	764,004	91,113

Other non-current assets consists of property lease bonds with various maturity dates expected to be refunded after 12 months from the reporting date.

Note 19. Current liabilities - Trade and other payables

	Consolidated	
	2018	2017
	$	$
Trade payables	13,926,718	6,711,915
Foreign currency bank notes payable (a)	8,213,198	-
Commission payable to traders (b)	7,608,273	-
Licensing fee payable	1,065,372	1,086,352
Payable in respect of subsidiary acquisition	-	60,000
Accrued expenses	1,011,100	520,201
Interest payable	74,582	-
Other payables	5,776	-
	31,905,019	8,378,468

a) Foreign currency banknotes are held in the custody of JBFX Wholesale Pty Ltd ("JBFX") and Kings Currency Exchange Pty Ltd (controlled entities of the Group). JBFX has secure storage facilities and operates a wholesale foreign currency business. The banknotes are traded and managed by JBFX on behalf of Benjamin Hornigold Limited ("BHD") and Henry Morgan Limited ("HML") under a services agreement which provides for a minimum return of 9% per annum on the Australian dollar value of the banknotes. Realised returns over 9% per annum on the banknotes are retained by JBFX as a fee for trading the banknotes on behalf of the BHD and HML. As custodian of the banknotes, any foreign exchange movement in the value of the banknotes accrues as part of the payable from the Group. The Group has designated the instrument at fair value through profit or loss. Trading fees of $49,619 on the banknotes are included in accrued expenses.

(b) Provision for trader settlement represents the commission payable to traders using Genesis's proprietary trading platform based on trading profits which the trader has generated. Traders may request a draw-down of commission on a monthly basis but regularly allow the commission to accumulate. That accounts for the significant amount of provision required in respect of commission which traders are entitled to withdraw.

Accounting policy for 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.

Note 20. Current liabilities - Borrowings

	Consolidated	
	2018	2017
	$	$
Bank overdraft	22,883	332,822
Loans from related parties	509,979	1,740,000
Loan held at amortised cost	2,305,278	-
Other	8,996	5,969
Hire purchase	75,026	-
Lease liability	107,996	150,152
	3,030,158	2,228,943

Note 21. Current liabilities - Provisions

	Consolidated	
	2018	2017
	$	$
Employee benefits	1,458,988	792,138

Accounting policy for employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Note 22. Non-current liabilities - payables

	Consolidated	
	2018	2017
	$	$
Licensing fee payable	-	1,086,343
Other payables	303,691	125,940
	303,691	1,212,283

Note 23. Non-current liabilities - Borrowings

	Consolidated	
	2018	2017
	$	$
Other	4,910	26,464
Convertible notes payable	3,300,774	3,798,701
Lease incentive liabilities	1,200,542	1,097,522
Finance lease liabilities	779,728	890,780
	5,285,954	5,813,467

Accounting policy for borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

Note 24. Non-current liabilities - Provisions

	Consolidated 2018 $	Consolidated 2017 $
Employee benefits	349,147	370,268
Lease make good	334,110	172,074
	683,257	542,342

Accounting policy for provisions
Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Accounting policy for other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Note 25. Non-current assets - Investments at fair value through profit and loss

	Consolidated 2018 $	Consolidated 2017 $
Investments at fair value through profit and loss	3,993,358	6,649,775
Investments in commodities	-	20,904
	3,993,358	6,670,679

Investments at far value through profit and loss include 3,165,083 (2017: 3,165,083) shares in Henry Morgan Limited (ASX:HML) valued $3,956,354 (2017: 6,298,515) . The shareholding in HML valued using the net asset value for the year ended 30 June 2018.

Note 26. Equity - Issued capital

	Consolidated 2018 Shares	Consolidated 2017 Shares	Consolidated 2018 $	Consolidated 2017 $
Ordinary shares - fully paid	26,766,945	23,988,417	25,567,380	20,216,505

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

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.

Note 26. Equity - Issued capital (continued)

	2018 $	2017 $
Movements in shares on issue		
Balance at the beginning of the year	20,216,505	10,033,968
120,000 ordinary shares at $1.10 issued on 17 January 2017	-	132,000
10,000 share buy back at $2.23 per share on 1 February 2017	-	(22,300)
1,000,000 ordinary shares at $1.10 issued on 10 February 2017	-	1,100,000
2,000 ordinary shares at $1.10 issued on 22 March 2017	-	2,200
2,000 ordinary shares at $1.10 issued on 26 May 2017	-	2,200
5,294,117 ordinary shares at $1.70 issued on 23 June 2017	-	8,999,998
Share issue costs	-	(50,261)
12,000 ordinary shares at $1.10 issued on 23 June 2017	-	13,200
5,000 ordinary shares at $1.10 issued on 30 June 2017	-	5,500
4,000 ordinary shares at $1.10 issued on 11 August 2017	4,400	-
372,150 ordinary shares at $1.58 on conversion of the convertible notes on 16 October 2017	587,997	-
87,500 ordinary shares at $1.20 issued on 14 November 2017	105,000	-
2,272,878 ordinary shares at $2.05 issued on 27 November 2017	4,659,400	-
42,000 ordinary shares at $1.10 issued on 22 February 2018	46,200	-
Share issue costs	(52,122)	-
Balance at the end of the year	25,567,380	20,216,505

Options
In accordance with the Company's second supplementary prospectus and subsequent capital raisings, attached to each ordinary share issued was an option with an exercise price of $1.10 per option, exercisable from the date of issue to 31 March 2020.
The options hold no voting or dividend rights and are not transferable. Refer to Note 36 for options issued to key management personnel. As at 30 June 2018, total share options outstanding was 23,848,800 (2017:23,982,300).

	2018 Options	2017 Options
Movements in options on issue		
Balance at the beginning of the year	23,982,300	25,123,300
Exercised on 17 January 2017	-	(120,000)
Exercised on 10 February 2017	-	(1,000,000)
Exercised on 22 March 2017	-	(2,000)
Exercised on 26 May 2017	-	(2,000)
Exercised on 23 June 2017	-	(12,000)
Exercised on 30 June 2017	-	(5,000)
Exercised on 10 August 2017	(4,000)	-
Exercised on 13 November 2017	(87,500)	-
Exercised on 21 February 2018	(42,000)	-
	23,848,800	23,982,300

	2018 Convertible notes	2017 Convertible notes
Movements in convertible notes on issue		
Balance at beginning of the year	2,600,000	-
2,600,000 convertible notes issued on 6 April 2017	-	2,600,000
372,150 ordinary shares issued on conversion of the convertible notes on 16 October 2017	(372,150)	-
	2,227,850	2,600,000

Note 26. Equity - Issued capital (continued)

Accounting policy for issued capital
Ordinary 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.

Note 27. Equity - Reserves

	Consolidated	
	2018	2017
	$	$
Foreign currency reserve	(959)	(1,410)
Share-based payments reserve	212,595	212,595
Convertible debt reserve	219,075	261,184
Shareholder change in interest reserve	(10,684,419)	(6,475,395)
	(10,253,708)	(6,003,026)

Foreign currency reserve
The reserve is used to recognise exchange differences arising from the translation of the financial statements of a New Zealand subsidiary to Australian dollars.

Convertible note reserve
The convertible note reserve comprises the amount allocated to the equity component from the issue of the notes on 6 April 2017.

Share-based payments reserve
The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services. There were no additions to this reserve during the year (2017: nil).

Shareholder change in interest reserve
The shareholder change in interest reserve arises from the transfer of interest when existing shareholders transfer equity between themselves without resulting in a change of control for consolidation purposes.

Note 28. Equity - retained profits/(accumulated losses)

	Consolidated	
	2018	2017
	$	$
Retained profits/(accumulated losses) at the beginning of the financial year	2,879,120	(1,144,080)
Profit/(loss) after income tax (expense)/benefit for the year	(6,849,609)	4,023,200
Retained profits/(accumulated losses) at the end of the financial year	(3,970,489)	2,879,120

Note 29. Equity - dividends

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

Note 30. Reconciliation of profit/(loss) after income tax to net cash used in operating activities

	Consolidated	
	2018	2017
	$	$
Profit/(loss) after income tax (expense)/benefit for the year	(10,765,578)	4,424,050
Adjustments for:		
Depreciation and amortisation	1,787,006	379,360
Net loss on disposal of non-current assets	11,204	-
Net fair value loss/(gain) on available-for-sale financial assets	2,525,886	(3,007,055)
Impairment of trade and other receivables	2,078,002	-
Income tax expense	(5,212,298)	-
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	3,373,130	(8,617,614)
Increase in contract assets	-	(48,039)
Decrease in inventory	2,528	-
Decrease in deferred tax assets	-	6,618
Increase in prepayments	(143,673)	(1,036,607)
Decrease in financial assets at fair value	111,368	(4,374,374)
Increase in trade and other payables	3,537,282	9,401,120
Increase in provisions	(1,462,667)	1,379,379
Effects of foreign exchange	3,141	392
Net cash used in operating activities	(4,154,669)	(1,492,770)