

3 May 2019

Attention: Company Announcements
ASX Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Fax 1300 135 638

Dear Sir/Madam

**John Bridgeman Limited off-market takeover bid for Benjamin Hornigold Limited
Bidder's statement**

We act for John Bridgeman Limited ACN 603 477 185 (**Company**).

In accordance with item 5 of section 633(1) *Corporations Act 2001* (Cth) (**Corporations Act**), please find **attached** a copy of the bidder's statement (including the offer document) in relation to the Company's off-market takeover bid for all the ordinary shares and options in Benjamin Hornigold Limited (**BHD**) (**Bidder's Statement**).

The Bidder's Statement has been lodged with the Australian Securities and Investments Commission and given to BHD today.

Pursuant to section 633(4) *Corporations Act*, the Company gives notice that 7.00pm on 6 May 2019 is the date which has been set, in accordance with section 633(2) and 633(3) of the *Corporations Act*, for the purpose of determining the persons to whom the Bidder's Statement is to be sent.

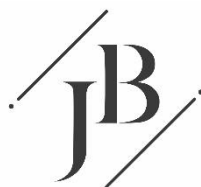
Yours faithfully



Ben Wood
Partner

This communication (including attachments) is only intended for its addressees and may contain privileged or confidential information. Unauthorised use, copying or distribution of any part of this document is prohibited. If you are NOT an intended recipient please notify us immediately and destroy the communication.

BRISBANE Level 11, 66 Eagle Street Brisbane QLD 4000 GPO Box 1855 Brisbane QLD 4001 **T** +61 7 3233 8888 **F** +61 7 3229 9949
SYDNEY Level 32, 19 Martin Place Sydney NSW 2000 GPO Box 462 Sydney NSW 2001 **T** +61 2 8241 5600 **F** +61 2 8241 5699
MELBOURNE Level 27, 101 Collins Street Melbourne VIC 3000 GPO Box 2924 Melbourne VIC 3001 **T** +61 3 9067 3100 **F** +61 3 9067 3199
NEWCASTLE Level 2, 16 Telford Street Newcastle NSW 2300 PO Box 394 Newcastle NSW 2300 **T** +61 2 4914 6900 **F** +61 2 4914 6999
W mccullough.com.au **E** info@mccullough.com.au **ABN** 42 721 345 951



JOHN.BRIDGEMAN
LIMITED

BIDDER'S STATEMENT

OFFER BY JOHN BRIDGEMAN LIMITED

to acquire all of your shares and/or all of your
options (as applicable) in

BENJAMIN HORNIGOLD LIMITED

for

1 JBL Share for each of your BHD Shares and/or
0.50 JBL Options for each of your BHD Options

**BHD SHAREHOLDERS AND BHD OPTIONHOLDERS
SHOULD WAIT TO RECEIVE A TARGET'S STATEMENT
AND ACCOMPANYING INDEPENDENT EXPERT'S
REPORT BEFORE MAKING A DECISION TO ACCEPT
THE OFFER(S)**

The Offers are dated [•] 2019 and will close at 7.00pm (Sydney time) on
[•] 2019, unless extended.

Please call 1300 405 577 (or +61 1300 405 577 for overseas domiciled
holders) if you require assistance with your acceptance.

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE
ATTENTION**

**If you are in any doubt as to how to deal with it, you should consult your
legal, financial or other professional adviser as soon as possible**

| | |
|--|-----------|
| Important notices | 3 |
| Letter from the Chairman | 7 |
| 1 Why you should accept JBL's Offers | 9 |
| 2 Frequently asked questions about the Offers | 11 |
| 3 How to accept the Offers | 18 |
| 4 Profile of JBL | 19 |
| 5 Information regarding JBL Shares | 47 |
| 6 Profile of BHD | 51 |
| 7 Profile of Merged Group | 54 |
| 8 JBL's intentions | 62 |
| 9 Risks | 66 |
| 10 Tax considerations | 76 |
| 11 Important documents | 79 |
| 12 Additional information | 80 |
| 13 Definitions and interpretation | 89 |
| 14 Approval of Bidder's Statement | 94 |

Important notices

This bidder's statement is given by John Bridgeman Limited ACN 603 477 185 (**JBL**) under part 6.5 Corporations Act (**Bidder's Statement**) and sets out certain disclosures required by the Corporations Act together with the terms of the Offers to acquire your shares and/or your options in Benjamin Hornigold Limited ACN 614 854 045 (**BHD**).

This Bidder's Statement is dated 3 May 2019. It includes the Offers dated [•] 2019 on the Share Offer Terms set out in Schedule 1 and the Option Offer Terms set out in Schedule 3.

You should read this Bidder's Statement in its entirety. A copy of this Bidder's Statement was lodged with ASIC, ASX and NSX on 3 May 2019. None of ASIC, ASX, NSX nor any of their officers takes any responsibility for the content of this Bidder's Statement.

Investment decisions

This Bidder's Statement does not take into consideration your individual investment objectives, financial situation or particular needs. You may wish to seek independent financial and taxation advice before deciding whether or not to accept the Share Offer for your BHD Shares and/or the Option Offer for your BHD Options.

Forward looking statements

This Bidder's Statement contains certain forward looking statements and statements of current intention. The forward looking statements in this Bidder's Statement reflect views held at the date of this Bidder's Statement. Such statements are only predictions and are subject to inherent risks and uncertainties. The risks the Offers are subject to are discussed in detail under Section 9.

You should be aware that those statements involve inherent risks and uncertainties. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement and those deviations are both normal and to be expected.

None of JBL, its officers or any person named in this Bidder's Statement with their consent or involved in the preparation of this Bidder's Statement makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statements, except to the extent required by law. You should not place undue reliance on those statements. Matters as yet not known to JBL or not currently considered material by JBL may cause actual results or events to be materially different from those expressed, implied or projected in any forward looking statements. Any forward looking statement contained in this document is qualified by this cautionary statement.

Information regarding BHD

The information contained in this Bidder's Statement on BHD, the BHD Shares and the BHD Options has been prepared by JBL using publicly available information.

To the extent that JBL does not have knowledge or access to the sources of this information in its capacity as investment manager of BHD, JBL does not make any representation or warranty, express or implied, as to the accuracy or completeness of such information.

Further information relating to BHD's business may be included in the Target's Statement, which BHD must provide to its shareholders in response to this Bidder's Statement. BHD Shareholders and Optionholders should wait to receive a copy of the Target's Statement before making a decision as to whether or not to accept the Offers.

Defined terms

A number of defined terms are used in this Bidder's Statement. Unless the contrary intention appears, the context requires otherwise or words are defined in Section 13.1 of this Bidder's Statement, words and phrases in this Bidder's Statement have the same meaning and interpretations as in the Corporations Act.

Privacy statement

JBL has collected your information from the registers of BHD Shareholders and BHD Optionholders, as applicable. The Corporations Act permits information to be made available to certain persons, including JBL. Your information may also be disclosed on a confidential basis to JBL's related bodies corporate and external service providers and may be required to be disclosed to regulators such as ASIC. You can contact us for details of information held by us about you.

How to accept

Acceptances for the Offers must be received before the close of the Offer Period.

There are different ways to accept the Offers depending on how you hold your BHD Shares and/or BHD Options. You should read section 3 for full details on how to accept the Offer(s).

For CHESS Holdings

Instruct your stockbroker or other Controlling Participant to initiate acceptance of the Share Offer and/or the Option Offer on your behalf in sufficient time for the applicable Offer(s) to be accepted before the end of the Offer Period.

For Issuer Sponsored Holdings

Complete and sign the enclosed Acceptance Form in accordance with the instructions on that form and within this Bidder's Statement and return it before the end of the Offer Period to:

BY HAND

Link Market Services Limited
Benjamin Hornigold Limited (BHD) Takeover
1A Homebush Bay Drive
RHODES NSW 2138
AUSTRALIA

BY MAIL (a reply paid envelope is enclosed)

Link Market Services Limited
Benjamin Hornigold Limited (BHD) Takeover
Locked Bag A14
Sydney South NSW 1235
AUSTRALIA

Acceptance Form

The Acceptance Form which accompanies this Bidder's Statement forms part of each Offer. The requirements on the Acceptance Form must be observed in accepting the Share Offer for your BHD Shares and/or the Option Offer for your BHD Options.

Enquiries

If you are in any doubt how to deal with this document, you should consult your Broker or your legal, financial or other professional adviser.

If you have any questions about the Offers or how to accept the Offers, please call the shareholder information line on 1300 405 577 (or +61 1300 405 577 for overseas domiciled holders) between 9.00am and 5.00pm (Sydney time) Monday to Friday.

Offers to Foreign Shareholders and Foreign Optionholders

If you are a Foreign Shareholder and/or Foreign Optionholder, unless JBL otherwise determines that:

- (a) it is lawful and not unduly onerous and not unduly impracticable to make the Share Offer and/or the Option Offer to you and to issue you with JBL Shares on acceptance of the Share Offer and/or JBL Options on acceptance of the Option Offer; and
- (b) it is not unlawful for you to accept the Share Offer and/or the Option Offer by the law of the relevant place outside Australia, its external territories or New Zealand,

you will not be entitled to receive JBL Shares and/or JBL Options as consideration for your BHD Shares and/or BHD Options (as applicable).

If you are a Foreign Shareholder in Singapore, please refer to Schedule 5.

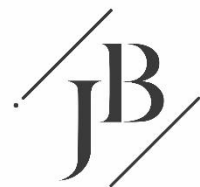
If you are a Foreign Shareholder and you accept the Share Offer or your BHD Shares are compulsorily acquired, you will receive the cash amount calculated under clause 5.3 of Schedule 1. If you are a Foreign Optionholder and you accept the Option Offer or your BHD Options are compulsorily acquired, you will receive the cash amount calculated under clause 5.3 of Schedule 3.

Further information about the entitlement of a Foreign Shareholder and/or Foreign Optionholder is set out in section 12.11.

Key Dates

| | |
|---|----------------------------------|
| Bidder's statement lodged with ASIC | 3 May 2019 |
| Date of Offers | [•] 2019 |
| Close of Offer Period (unless extended) | 7.00pm (Sydney time) on [•] 2019 |

Letter from the Chairman



JOHN BRIDGEMAN
LIMITED

Dear BHD Securityholder

The John Bridgeman Limited Offers

On behalf of John Bridgeman Limited (**JBL**), we are pleased to present JBL's Offers to acquire all of your shares and options in Benjamin Hornigold Limited (**BHD**).

The Share Offer Consideration is 1 JBL Share for each BHD Share you own and the Option Offer Consideration is 0.50 JBL Options for every BHD Option you own.

The directors of JBL believe that a merger of BHD and JBL would be in the interests of the securityholders of both companies.

In terms of comparing the value of the Share Offer Consideration with the value of your BHD Shares and the value of the Option Offer Consideration with the value of your BHD Options, the Board of JBL believes it would be inappropriate to, for example, undertake a comparison of each company's share price, or net asset value (**NAV**) or net tangible asset (**NTA**) position, because of the following:

- Trading in the securities of BHD has been suspended since 30 July 2018, and JBL is also currently suspended (since 10 April 2019) and, historically, thinly traded. Accordingly, a comparison of the most recent trading price or VWAP of trading in shares would not accurately reflect the value of each company's shares.
- BHD is a listed investment company, whose value is largely determined by the investment assets it owns. In contrast, JBL is an operating company whose value is based on its earnings streams and future earnings potential. Accordingly, a comparison of the NAV or NTA position of the companies would not be a like-for-like comparison.

The half-year accounts for the period ending 31 December 2018 of each company provide the most up-to-date, auditor-reviewed financial information relevant to each entity and the JBL board recommends that you consider this information in making your decision in relation to the Offers.

You should also read this Bidder's Statement and BHD's Target's Statement (which will include an independent expert's report) carefully, and seek professional advice, if necessary, in order to make your own assessment of the Offers.

About JBL

JBL is an investment management company listed on the National Stock Exchange of Australia (**NSX**).

JBL was established in January 2015 with the following objectives:

- to build a diversified investment management business growing funds under management over the medium to long term;
- to invest in listed and unlisted companies which JBL believes will provide opportunities for moderate to high investment returns over the medium to long term;
- to grow a diversified income stream uncorrelated to traditional equity market investments through management fees received from managing the investments of third parties, as well as returns from direct investment in listed and unlisted structures;
- to provide investors with exposure to global markets through JBL's own investments; and
- to provide a low cost management company where key personnel are rewarded with long term options linked to the share price of JBL to ensure the board, key management and shareholders' interests are all aligned.

JBL also recently made offers by way of an off-market takeover bid for all of the issued shares in Henry Morgan Limited (**HML**), an ASX-listed investment company. Following the close of the offer, JBL obtained a relevant interest in 46.28% of HML. On that basis, JBL anticipates that HML's accounts will be consolidated into JBL's consolidated group accounts going forward.¹ Detailed information about HML can be found on the ASX platform under the code 'HML'.

Update on suspension of JBL securities

Trading in JBL Securities was suspended on 10 April 2019. As at the date of this Bidder's Statement, this suspension has not been lifted. JBL is engaging with NSX, and continuing to respond to any queries raised by NSX to seek the reinstatement of its securities to NSX as soon as possible. It is noted, however, that this is ultimately subject to the discretion of NSX.

In addition to JBL achieving the reinstatement of its securities on NSX, the ability for BHD Shareholders who accept the Share Offer, and/or BHD Optionholders who accept the Option Offer, and subsequently wish to sell their JBL Shares or JBL Options (as applicable), to do so is dependent on the market for JBL Shares and JBL Options. Further information on the trading history of JBL Shares is set out in section 4.8.

BHD Securityholders should note that the level of liquidity on the NSX market has the potential to be lower than on larger, established markets. As a result, the number of investors willing to buy and sell securities quickly at any particular time is potentially less than other markets. For further details, refer to the paragraph titled 'Liquidity risk' in section 9.2.

We encourage you to read this Bidder's Statement for more details about the Offers and about JBL. If you have any questions on the Offers, please contact your legal, financial or other professional adviser or call the Shareholder information line on 1300 405 577 (or +61 1300 405 577 for overseas domiciled holders) on weekdays 9.00am and 5.00pm (Sydney time) or visit the JBL website at www.johnbridgeman.com.au.

Conditions of the Offers

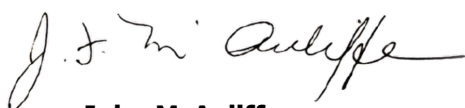
The Share Offer is subject to a Defeating Condition relating to obtaining any required regulatory approvals (including, potentially, JBL shareholder approval, subject to a determination on the application of NSX Listing Rules 6.41 and 6.43 by NSX). The Option Offer is subject to the Share Offer becoming unconditional. The terms of the Share Offer are set out in Schedule 1 to this Bidder's Statement, and the terms of the Option Offer are set out in Schedule 3.

We encourage you to read this Bidder's Statement for more details about the Offers and about JBL. The Offers are open for your acceptance until 7.00pm (Sydney time) on [•] 2019, unless extended or withdrawn under the Corporations Act. If you wish to accept the Share Offer and/or the Option Offer, please complete and return the applicable enclosed Acceptance Form(s).

If you have any questions about the Offers, please contact your legal, financial or other professional adviser or call the shareholder information line on 1300 405 577 (or +61 1300 405 577 for overseas domiciled holders) on weekdays 9.00am and 5.00pm (Sydney time).

I look forward to your acceptance and welcoming you as a shareholder of John Bridgeman Limited.

Yours sincerely



John McAuliffe
Chairman

¹ JBL notes that ultimately the position will be finalised (in consultation with JBL's auditors) in the process of preparing and auditing JBL's full year accounts for the financial year ending 30 June 2019.

1 Why you should accept JBL's Offers

1.1 The Share Offer and the Option Offer to BHD Shareholders and/or BHD Optionholders

In terms of comparing the value of the Share Offer Consideration with the value of your BHD Shares and the value of the Option Offer Consideration with the value of your BHD Options, the JBL Board believes it would be inappropriate to, for example, undertake a comparison of each company's share price, or NAV or NTA position, because of the following:

- Trading in the securities of BHD has been suspended since 30 July 2018, and JBL is also currently suspended (since 10 April 2019) and, historically, thinly traded. Accordingly, a comparison of the most recent trading price or VWAP of trading in shares would not accurately reflect the value of each company's shares.
- BHD is a listed investment company, whose value is largely determined by the investment assets it owns. In contrast, JBL is an operating company whose value is based on its earnings streams and future earnings potential. Accordingly, a comparison of the NAV or NTA position of the companies would not be a like-for-like comparison.

The half-year accounts for the period ended 31 December 2018 of each company provide the most up-to-date, auditor-reviewed financial information relevant to each entity and the JBL board recommends that you consider this information in making your decision in relation to the Share Offer and/or the Option Offer.

Accordingly, you should read this Bidder's Statement and BHD's Target's Statement (which will include an independent expert's report), and seek professional advice, if necessary, in order to make your own assessment of the Share Offer and/or the Option Offer.

The implied value of the Share Offer and Option Offer will fluctuate with the JBL share price. Accordingly, if the JBL share price falls, the value of the Share Offer and Option Offer will also fall. Likewise, if the JBL share price rises, the value of the Share Offer and Option Offer will rise.

1.2 You will have an on-going interest in the merged JBL and BHD business²

The merging of the businesses may lead to:³

- increased market capitalisation and on-market liquidity;
- a stronger financial position of the merged entity, which may facilitate the payment of dividends to JBL shareholders in the future;⁴ and
- reduced governance and compliance costs.

The merged JBL and BHD business will include JBL's interest of 46.28% in HML.

² Assumes JBL attains a 100% interest in BHD. Where JBL attains less than a 50.1% interest in BHD, BHD Securityholders who elect to accept the Share Offer and/or Option Offer may receive materially less value – refer to section 9.3.

³ Realising synergies is a potential major benefit of merging JBL and BHD; however, at the date of this Bidder's Statement, JBL is not able to reliably estimate the quantum or timing of potential synergies (or potential one-off costs which may need to be incurred in order for JBL to obtain such synergies) resulting from a merger with BHD. Potential synergies may not be realisable unless JBL attains a 100% interest in BHD.

⁴ BHD Securityholders should be aware of the current financial position of JBL. A summary of this financial information is included in section 4.5 of this document. BHD Securityholders should also review JBL's half-year auditor-reviewed accounts for the period ending 31 December 2018, which are annexed to this document, as well as the notes on material uncertainty regarding going concern, as summarised in section 4.5 of this document.

1.3 A larger combined shareholder base and an increased market capitalisation which may provide increased liquidity (subject to the reinstatement of JBL Securities to trading by NSX) for both JBL and BHD shareholders

The merger of JBL and BHD could result in an increased market capitalisation. This may provide increased liquidity for both JBL and BHD shareholders (subject to the reinstatement of JBL securities to trading by NSX).

1.4 Capital gains tax relief

Capital gains tax rollover relief may be available for BHD Shareholders and/or BHD Optionholders in respect of the JBL Shares and/or JBL Options that they receive under the Share Offer and/or the Option Offer, respectively. This relief may be available where the Share Offer is accepted by BHD Shareholders holding at least 80 percent of the BHD Shares on issue, and/or the Option Offer is accepted by BHD Optionholders holding at least 80 percent of the BHD Options on issue. See section 10 for a discussion of the risk of BHD Shareholders and/or BHD Optionholders not obtaining capital gains tax rollover relief.

1.5 There is no brokerage on accepting the Offers

On acceptance of the Share Offer and/or the Option Offer, you will exchange your BHD Shares for JBL Shares and/or your BHD Options for JBL Options without incurring brokerage fees. Any such costs will be borne by JBL.

If you choose not to accept the Share Offer, should you wish to exchange your BHD Shares for JBL Shares, you may be required to sell your shares, and use the proceeds to purchase JBL Shares. You may ordinarily be required to pay brokerage fees on both the sale and the purchase of shares.

If you choose not to accept the Option Offer, you may not be able to acquire JBL Options on market.

1.6 There may be adverse consequences associated with not accepting the Offers

If you choose not to accept the Share Offer, you should be aware that:

- (a) if JBL becomes entitled to compulsorily acquire your BHD Shares, it intends to do so and if your BHD Shares are compulsorily acquired, you will still receive the Share Offer Consideration for your BHD Shares but at a later date than you would have received it if you had accepted the Share Offer; and
- (b) if JBL obtains 75 percent or more of BHD Shares, it intends to seek removal of BHD from the official list of ASX.

If you choose not to accept the Option Offer, you should be aware that:

- (a) if JBL becomes entitled to compulsorily acquire your BHD Options, it intends to do so and if your BHD Options are compulsorily acquired, you will still receive the Option Consideration for your BHD Options, but at a later date than you would have received it if you had accepted the Option Offer; and
- (b) where JBL is not entitled to compulsorily acquire your BHD Options, JBL may require BHD to apply for any regulatory relief required to cancel the BHD Options for the Option Consideration.

2 Frequently asked questions about the Offers

| Question | Answer |
|---|---|
| Important Notice | The information set out in this Section is a summary of JBL's Offers and is qualified by the detailed information set out elsewhere in this Bidder's Statement. You should read the entire Bidder's Statement and the Target's Statement before deciding whether to accept the Offer. |
| Who is JBL? | John Bridgeman Limited (JBL) is a public company listed on the NSX. For more information about JBL, please see Section 4. |
| What is the Share Offer? | JBL is making an offer to acquire all your BHD Shares. If you accept the Share Offer you will receive (subject to the conditions of the Share Offer being satisfied or waived and to any withdrawal of the Share Offer under the Corporations Act) 1 JBL Share for each BHD Share you own. |
| What is the Option Offer? | JBL is making an offer to acquire all your BHD Options. If you accept the Option Offer you will receive (subject to the conditions of the Option Offer being satisfied or waived and to any withdrawal of the Option Offer under the Corporations Act) 0.50 JBL Options for each BHD Option you own. |
| How long are the Offers open for? | The Offers open on [•] 2019 and are scheduled to close at 7.00pm (Sydney time) on [•] 2019 (unless extended). |
| What are the conditions of the Share Offer? | The Share Offer is subject to obtaining any required Regulatory Approvals. The condition is set out in full in Schedule 2. |
| What are the conditions of the Option Offer? | The Option Offer is subject to the Share Offer becoming unconditional. |
| Do I have to pay any fees? | No brokerage, charges or stamp duty will be payable by you on acceptance of the Share Offer and/or the Option Offer. If you choose to sell your BHD Shares and/or BHD Options on market (subject to the suspension in trading in BHD Shares and BHD Options being lifted), you may incur brokerage costs and GST on those costs. |
| What should I do? | To accept the Share Offer and/or the Option Offer, you should: (a) read this Bidder's Statement in full; (b) wait to receive and read BHD's Target's Statement in full (when issued), which will include an independent expert report; (c) consult your Broker, financial or other professional adviser if you are in any doubt as to what action to take or how to accept the Share Offer and/or the Option Offer; and (d) accept the Share Offer and/or the Option Offer in the manner described in section 3. If you have any queries about the Offers, you may also call the shareholder information line on 1300 405 577 (or +61 1300 405 577 for overseas domiciled holders) between 9.00am and 5.00pm (Sydney time) Monday to Friday. |

| Question | Answer |
|--|--|
| How do I accept the Offers? | <p>The Share Offer may only be accepted for all of your BHD Shares and/or the Option Offer may only be accepted for all of your BHD Options.</p> <p>The manner in which you accept the Share Offer and/or the Option Offer depends on whether you hold your BHD Shares and/or your BHD Options in an Issuer Sponsored Holding, a CHESS Holding, or if you are a Broker or a Non-Broker Participant.</p> <p>Full details on how to accept the Share Offer and/or the Option Offer are set out in section 3.</p> <p>For CHESS Holdings you should instruct your stockbroker or other Controlling Participant to initiate acceptance of the Share Offer and/or the Option Offer on your behalf in sufficient time for the applicable Offer to be accepted before the end of the Offer Period.</p> <p>For Issuer Sponsored Holdings you must complete, sign and return the Acceptance Form in accordance with the instructions on it. Return it to the address indicated on the form so that it is received before the end of the Offer Period. A reply paid envelope (not able to be used by BHD Shareholders and/or BHD Optionholders outside Australia) is enclosed for your convenience.</p> <p>Mailing and delivery addresses</p> <p>If you reside in Australia, you can use the reply paid envelope enclosed with this Bidder's Statement.</p> <p>The mailing address is:</p> <p>Link Market Services Limited Benjamin Hornigold Limited (BHD) Takeover Locked Bag A14 Sydney South NSW 1235</p> <p>Alternatively, you may deliver the Acceptance Form and any associated documents to:</p> <p>Link Market Services Limited Benjamin Hornigold Limited (BHD) Takeover 1A Homebush Bay Drive Rhodes NSW 2138</p> |
| If I accept the Share Offer, when will I receive consideration for my BHD Shares? | <p>Provided that the necessary transfer documents accompany your Acceptance Form, you will be issued JBL Shares within one month of the later of:</p> <ul style="list-style-type: none"> (a) the date you accept the Share Offer; and (b) the date the Share Offer becomes unconditional. <p>In any event, you will be issued JBL Shares within 21 days after the Share Offer closes (assuming all conditions of the Share Offer are satisfied or waived and subject to any withdrawal of the Share Offer in accordance with the Corporations Act).</p> |

| Question | Answer |
|--|--|
| If I accept the Option Offer, when will I receive consideration for my BHD Options? | <p>Provided that the necessary transfer documents accompany your Acceptance Form, you will be issued JBL Options within one month of the later of:</p> <ul style="list-style-type: none"> (a) the date you accept the Option Offer; and (b) the date the Option Offer becomes unconditional. <p>In any event, you will be issued JBL Options within 21 days after the Option Offer closes (assuming all conditions of the Option Offer are satisfied or waived and subject to any withdrawal of the Option Offer in accordance with the Corporations Act).</p> |
| What rights will my JBL Shares have? | <p>The JBL Shares issued under the Share Offer will be fully paid and will rank equally for dividends and other rights with existing JBL Shares.</p> <p>A detailed explanation of the rights and liabilities attaching to JBL Shares is set out in section 12.3.</p> |
| What rights will my JBL Options have? | <p>A summary of the rights and liabilities attaching to JBL Options is set out in section 12.4.</p> |
| Will my JBL Shares and JBL Options be listed on NSX? | <p>JBL will apply to NSX for quotation of the JBL Shares and JBL Options to be issued under the Offer on the official list of the NSX. Quotation of the JBL Shares and JBL Options (if any) to be issued under the Offers will not be automatic but will depend on NSX exercising its discretion to admit the new JBL Shares and new JBL Options (if any) to the official list.</p> <p>However, JBL is already admitted to the official list of NSX and shares and options in JBL in the same class or on the same terms as those to be issued under the Offers have previously been quoted.</p> |
| What happens if I accept the Share Offer and/or the Option Offer? | <p>If you accept the Share Offer and/or the Option Offer and the applicable Offer becomes or is declared unconditional, you will be issued JBL Shares and/or JBL Options (as applicable) within the time specified above (unless the Share Offer and/or Option Offer are withdrawn under the Corporations Act).</p> <p>Once you accept the Share Offer and/or the Option Offer (even while the applicable Offer remains subject to a condition) you will not be able to sell your BHD Shares and/or BHD Options on market or otherwise deal with the Rights attaching to your BHD Shares and/or BHD Options, subject to your limited statutory rights to withdraw your acceptance in certain circumstances.</p> |
| What happens if I do not accept the Share Offer and/or the Option Offer? | <p>If you do not accept the Share Offer and/or Option Offer, you will remain a BHD Shareholder and/or BHD Optionholder and will not be issued JBL Shares and/or JBL Options.</p> <p>However, if JBL becomes entitled to compulsorily acquire your BHD Shares and compulsorily acquire your BHD Options, it intends to do so. If this occurs:</p> <ul style="list-style-type: none"> (a) you will still receive JBL Shares for your BHD Shares but at a later date than you would have received it if you had accepted the Share Offer; and/or (b) you will still receive JBL Options for your BHD Options but at a later date than you would have received it if you had accepted the Option Offer. <p>If JBL acquires 90 percent or more of BHD Shares and is entitled to proceed to compulsory acquisition of the outstanding BHD Shares and elects to do so, JBL intends to amend the constitution of BHD and seek to delist BHD.</p> |

| Question | Answer |
|---|--|
| | <p>If JBL acquires more than 50%, but less than 90% of BHD, and gains effective control of BHD, JBL would have control of a voting majority in BHD and would be in a position to control the composition of BHD's board.</p> <p>If JBL acquires 75% or more of BHD Shares, it intends to seek the removal of BHD from ASX. To the extent that BHD is not a wholly-owned subsidiary of JBL, and there are minority shareholders of BHD, JBL intends to ensure that any JBL nominees appointed to the board of BHD act at all times in accordance with their fiduciary duties and that all requisite shareholder approvals and other legal requirements are complied with.</p> <p>Except for the changes and intentions set out in section 8 of this document, JBL currently intends to continue the existing business of BHD (which may change as new information becomes available or circumstances change).</p> |
| <p>What are the tax implications of accepting the Share Offer and/or the Option Offer?</p> | <p>A general description of the taxation treatment for certain Australian resident BHD Shareholders and/or BHD Optionholders accepting the Share Offer and/or the Option Offer is set out in section 10.</p> <p>You should not rely on that description as advice for your own affairs.</p> <p>You should consult your taxation adviser for detailed taxation advice before making a decision as to whether or not to accept the Share Offer for your BHD Shares and/or the Option Offer for your BHD Options.</p> <p>BHD Shareholders and BHD Optionholders should be aware that if JBL does not acquire ownership of 80 percent of BHD Shares or BHD Options (as applicable), then rollover relief will not be available to BHD Shareholders or BHD Optionholders for the portion of the capital gain that is made from the receipt of JBL Shares or JBL Options as consideration.</p> |
| <p>What are the significant risks of the Offers?</p> | <p>You should carefully consider the risk factors that could affect the performance of JBL and the Merged Group before deciding whether to accept the Offers. Many of these risks are outside the control of JBL and its Directors, and cannot be mitigated. A summary of the key risks is set out below and set out in further detail in section 9.</p> |
| <p>What happens if I exercise my BHD Options?</p> | <p>The Share Offer in relation to BHD Shares extends to BHD Shares that are issued before the end of the Offer Period on the exercise of BHD Options. If you exercise your BHD Options, you can accept the Share Offer for the BHD Shares received from the exercise of those Options.</p> <p>If you do not exercise your BHD Options before the end of the Offer Period, the Option Offer will extend to your BHD Options held at the end of the Offer Period.</p> |
| <p>What are the specific risks associated with an investment in JBL?</p> | <p>Specific risks associated with an investment in JBL are:</p> <ul style="list-style-type: none"> (a) JBL may be unable to achieve its objectives as investment manager of the entities for which it acts in this capacity; (b) JBL is dependent upon the talent and experience of its key personnel and may be negatively impacted if such people leave; (c) in addition to seeking the reinstatement of JBL Securities to trading by NSX, the level of liquidity of JBL Shares on the |

| Question | Answer |
|----------|---|
| | NSX market may be lower than on other, larger and more established markets; |
| (d) | a fall in equity markets, bond markets or a lack of change in the Australian dollar against other currencies may discourage the movement of money into or out of equity markets and adversely impact the value of JBL's assets; |
| (e) | risks associated with using derivatives for investment, hedging, leverage and investment implementation and exit purposes; |
| (f) | risks associated with taking short futures positions; |
| (g) | dependence by JBL upon its investment management agreements; |
| (h) | dependence by JBL upon the performance and management fees generated by JBL as an investment manager; |
| (i) | JBL's ability to achieve its performance objectives, produce returns that are positive or compare favourably against its peers; |
| (j) | JBL's current investment portfolio is heavily focussed on investments in unlisted companies which may mean that achieving a return on investment is more difficult than in larger capitalised or listed companies. For example, prior to completion of the HML Offer, JBL's investment in JB Financial Group constituted approximately 40% of JBL's investment portfolio. Following completion of the HML Offer, it is estimated that JBL's investment in JB Financial Group will constitute approximately 28% of JBL's investment portfolio; |
| (k) | concentration risk may mean that poor performance in a specific market may significantly affect JBL. In addition, JBL's investments concentrate risk on the financial services industry; |
| (l) | JBL has an investment of approximately \$14 million in Bartholomew Roberts Pty Ltd. Bartholomew Roberts' investment portfolio includes an investment in companies operating in the retail food industry. Risks associated with this industry include concentration risk, property risk, market disruptors (in particular in the form of delivery aggregators) and competition, rising inflationary costs, labour and electricity costs, and funding risks; |
| (m) | overseas investments of JBL are subject to exchange rate volatility which may reduce the value of JBL's assets; |
| (n) | entities upon which JBL's investments depend may default on their obligations to JBL; |
| (o) | governments or regulators may pass laws, create policy or implement regulation that affects JBL or its assets; |
| (p) | JBL's investments may be difficult or impossible to sell; |
| (q) | changes in the prices of future positions held by JBL may result in loss of principal or large movements in JBL's share price within short or long periods of time; |
| (r) | leverage risk may mean that gains and losses may be significantly greater than those in a company that is not leveraged; |
| (s) | JBL's investment approach is based upon the experience of the investment manager and research into data and mathematical models that attempt to forecast returns, risk, |

Question**Answer**

correlation and transaction costs, which may mean that the investment system implemented by JBL may not generate profitable trading signals;

- (t) JBL may be exposed to certain risks in respect of collateral delivered to counterparties in respect of derivatives arrangements;
- (u) JBL may not be able to undertake its investment activities if it ceases to be an authorised representative of JB Markets Pty Ltd (AFSL No. 323182); and
- (v) the most recent audit opinions of JBL and JB Financial Group refer to a material uncertainty regarding going concern.

These risks are described in further detail in section 9.2.

Specific transaction risks associated with the Offers are:

- (a) the consideration under the Offers is new JBL Shares and/or JBL Options and accordingly:
 - (i) the value of the consideration may fluctuate depending on the value of the JBL Shares and/or JBL Options from time to time;
 - (ii) there may be an adverse impact on the market price of JBL Shares and/or JBL Options, should JBL Shareholders and/or JBL Optionholders or current BHD Shareholders and/or BHD Optionholders who accept the Offers seek to sell JBL Shares and/or JBL Options on market; and
 - (iii) the value of JBL Shares and/or JBL Options at the date of their issue to BHD Shareholders and/or BHD Optionholders may vary from their value on the date of acceptance of the Offers;
- (b) it is possible that JBL may not acquire all BHD Shares and/or BHD Options under the Offers;
- (c) where JBL obtains voting power of 50% or less in BHD, BHD Shareholders and Optionholders may receive materially less value than if JBL obtains voting power of more than 50%.
- (d) JBL may not receive sufficient acceptances under the Offers for CGT rollover relief to be available to BHD Shareholders and/or BHD Optionholders; and
- (e) as the consideration payable under the Share Offer consists of JBL Shares and the consideration payable under the Option Offer consists of JBL Options, the interests of JBL Shareholders and JBL Optionholders (including BHD Shareholders and Optionholders who accept the Offers) will be diluted to some degree.

These risks are described in further detail in section 9.3.

What are the risks associated with BHD?

Specific business risks associated with BHD are:

- (a) BHD is a listed investment company, whose operations and financial performance is driven by a number of factors;
- (b) BHD's underlying portfolio investments may not be easily sold;
- (c) trading in BHD has been suspended from the ASX since 30 July 2018 and there can be no assurance of a future market for securities in BHD;

| Question | Answer |
|----------|---|
| | <p>(d) investment returns are influenced by general market factors and by factors specific to each security;</p> <p>(e) for investments in global assets which have currency exposure, there is potential for adverse movements in exchange rates to reduce their Australian dollar value and the value of BHD's portfolio; and</p> <p>(f) use of derivatives may have a negative impact on BHD's portfolio due to an adverse movement in the underlying asset or where the position is difficult or costly to reverse or maintain.</p> |

These risks are described in further detail in section 9.4.

What are the risks associated with the Merged Group?

There is a risk that JBL will obtain between 50.1% and 90% of BHD Shares, in which case JBL will not be entitled to compulsorily acquire the remaining BHD Shares (at that time, although it may in future become entitled to do so). In such a scenario, JBL will have effective control of BHD, including:

- (a) a voting majority (and the ability to block any special and ordinary resolution);
- (b) the ability to implement changes to the directors of BHD.

BHD Securityholders may also receive materially less value if JBL only obtains voting power of 50.1% or less in BHD. In those circumstances, JBL's interest in BHD may then be recognised as an equity investment of JBL for accounting purposes and may not form part of the consolidated group for the purposes of JBL's accounts. In contrast, if JBL obtained voting power of more than 50% of BHD, BHD would be regarded as being controlled by JBL and therefore would be consolidated into JBL's accounts.

BHD Securityholders who accept the Offers (and will be issued JBL Shares and/or JBL Options, as applicable) should also be aware that the JBL Share price may fluctuate subject to general market factors.

Further detail regarding this risk and JBL's intentions depending on the outcome of the Offers are set out in sections 8.3 and 9.5.

3 How to accept the Offers

3.1 Issuer Sponsored Holdings

If you hold your BHD Shares and/or your BHD Options in an Issuer Sponsored Holding, you will need to complete, sign and return the applicable Acceptance Form accompanying this Bidder's Statement in accordance with the instructions on that form and deliver it or send it by post so that it is received by JBL's share registry before the end of the Offer Period. A reply paid envelope (for use within Australia only) is enclosed with this Bidder's Statement.

3.2 CHESS Holdings

If you hold your BHD Shares and/or your BHD Options in a CHESS Holding:

- (a) instruct your Controlling Participant (for example, your Broker) to initiate acceptance of the Share Offer and/or the Option Offer on your behalf under Rule 14.14 of the ASX Settlement Operating Rules;
- (b) complete, sign and send the applicable Acceptance Form accompanying this Bidder's Statement directly to your stockbroker or Controlling Participant; or
- (c) complete, sign and return the applicable Acceptance Form in accordance with the instructions on it so that JBL is authorised to instruct your Controlling Participant to initiate acceptance of the Share Offer and/or the Option Offer on your behalf;

before the end of the Offer Period.

A reply paid envelope (for use within Australia only) is enclosed for your convenience.

3.3 Brokers or Non-Broker Participants

If you are a Broker or a Non-Broker Participant, you will need to initiate acceptance of the Share Offer and/or the Option Offer under the requirements of the ASX Settlement Operating Rules before the end of the Offer Period.

4 Profile of JBL

4.1 Overview

JBL is an investment management company listed on the National Stock Exchange of Australia (**NSX**), with its securities currently subject to suspension by NSX.

JBL was established in January 2015 with the following objectives:

- to build a diversified investment management business growing funds under management over the medium to long term;
- to invest in listed and unlisted companies which JBL believes will provide opportunities for moderate to high investment returns over the medium to long term;
- to grow a diversified income stream uncorrelated to traditional equity market investments through management fees received from managing the investments of third parties, as well as returns from direct investment in listed and unlisted structures;
- to provide investors with exposure to global markets through JBL's own investments; and
- to provide a low cost management company where key personnel are rewarded with long term options linked to the share price of JBL to ensure the board, key management and shareholders' interests are all aligned.

4.2 Relationships

JBL is engaged as investment manager for HML, Bartholomew Roberts Pty Ltd (an unlisted private equity vehicle) (**Bartholomew Roberts**), BHD, and the JB High Alpha Fund.

Investment management agreements

HML

Under the terms of its management services agreement with HML, JBL is required to provide various services, including investment management, performance reporting, promotion, and investor relationship services. It also manages the provision of office, corporate support and IT services, and may provide financial accounting and company secretarial services.

Under the agreement, JBL is entitled to receive management fees of 2% per annum plus GST calculated and paid monthly in arrears based on the NTA of HML on the last day of the month in which the monthly instalment of the management fee is paid. Performance fees of 23% of the investment return, represented by an increase in NTA (subject to adjustments) at the end of the last day of the relevant quarter, are also payable. The payment of a performance fee in any quarter is subject to HML achieving a high water market hurdle (that is, the NTA of HML on the last business day of the quarter must exceed the previous highest NTA achieved by HML).

The initial term of the agreement is five years. The agreement may be terminated if, among other things, either party ceases to carry on business or enters into liquidation, or upon the material and substantial breach by JBL which is not remedied following notice. JBL may terminate the agreement by three months written notice.

After the initial term of five years, HML shareholders may resolve to terminate the agreement. Termination fees are payable in the event of early termination equivalent to 5% of the NTA multiplied by the number of shares on issue as at the termination date. This percentage will be reduced on a pro rata basis in the accordance with the length of time served under the agreement.

Bartholomew Roberts

JBL provides similar services to those noted above under the terms of its management services agreement with Bartholomew Roberts. Under that agreement, JBL is paid a management fee of 2% per annum plus GST calculated and paid monthly in arrears based on the NTA of Bartholomew Roberts, and a quarterly performance fee of 23% of the investment return at the end of the relevant quarter.

The initial term of the agreement is five years. The agreement may be terminated if, among other things, either party ceases to carry on business or enters into liquidation, or upon the material and substantial breach by JBL which is not remedied following notice. JBL may terminate the agreement by three months written notice.

After the initial term of five years, Bartholomew Roberts shareholders may resolve to terminate the agreement. Termination fees are payable in the event of early termination equivalent to 5% of the NTA multiplied by the number of shares on issue as at the termination date. This percentage will be reduced on a pro rata basis in the accordance with the length of time served under the agreement.

BHD

JBL provides similar services to those noted above under the terms of its management services agreement with BHD. Under that agreement, JBL is paid a management fee of 3% per annum plus GST calculated and paid monthly in arrears based on the NTA of BHD, and a quarterly performance fee of 27% of the investment return at the end of the relevant quarter.

The initial term of the agreement is five years. The agreement may be terminated if, among other things, either party ceases to carry on business or enters into liquidation, or upon the material and substantial breach by JBL which is not remedied following notice. JBL may terminate the agreement by three months written notice.

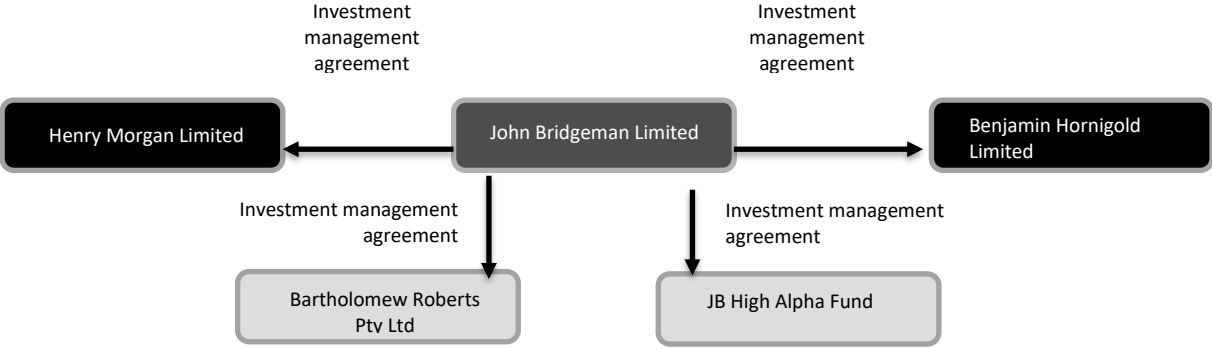
After the initial term of five years, BHD shareholders may resolve to terminate the agreement. Termination fees are payable in the event of early termination equivalent to 5% of the NTA multiplied by the number of shares on issue as at the termination date. This percentage will be reduced on a pro rata basis in the accordance with the length of time served under the agreement.

JB High Alpha Fund

Under its investment management agreement in respect of the JB High Alpha Fund (**Fund**), a wholesale managed investment scheme, JBL must invest and manage the portfolio of the Fund, maintain records, provide reports, and liaise with the custodian of the Fund. In consideration for these services, JBL is paid management fees of 2% per annum plus GST on the value of the portfolio, being the average funds under management of the portfolio over the month for which the fee is calculated. Performance fees are payable quarterly in arrears, equivalent to 23% of the investment return at the end of the relevant quarter.

The term of the agreement is five years. It may be terminated on 5 business days written notice by the trustee of the Fund, or 20 business days' notice by JBL as investment manager. It may also be terminated if a receiver is appointed, JBL goes into liquidation or ceases to carry on business, or breaches a material term of the agreement and does not correct it following notice.

A diagram which summarises these agreements is included on the following page:



Shareholding interests

JBL holds the following direct interests in each of the above entities:

- 0.19% in BHD (and 5.54% of BHD Options);
- following the close of JBL's recent off-market takeover bid on 15 April 2019, 46.28% in HML; and
- 49.66% in Bartholomew Roberts.

The above shareholding percentages refer to the direct shareholdings held by JBL in those companies. This is different from the concept of a 'Relevant Interest' for the purposes of the Corporations Act.⁵

HML also holds 28.93% of Bartholomew Roberts.

JBL, HML and Bartholomew Roberts hold 7.70%, 19.87% and 32.87% respectively of the shares in JB Financial Group. JB Financial Group has a number of subsidiaries operating across several business divisions in the financial services industry, including JB Trading House Pty Ltd (**JB Trading**). JB Trading is the parent company of the trading and broking division and holds all of the shares in three trading firms as well as a proprietary trading house called Genesis Proprietary Trading Pty Ltd (**Genesis**).

The directors of JBL (both directly and indirectly through their associated entities) have the following shareholding interests in JBL:

- Stuart McAuliffe holds 16.70%;
- Ross Patane holds 0.29%; and
- John McAuliffe holds 7.32%.

The Board of BHD comprises three directors, one of whom is Peter Aardoom, who is also a director of JB Financial Group.

The directors of BHD (both directly and indirectly through their associated entities) have the following shareholding interests in BHD:

- Stuart McAuliffe holds 0.004%;
- Peter Aardoom holds 0.02%; and
- Bryan Cook holds 0.03%.

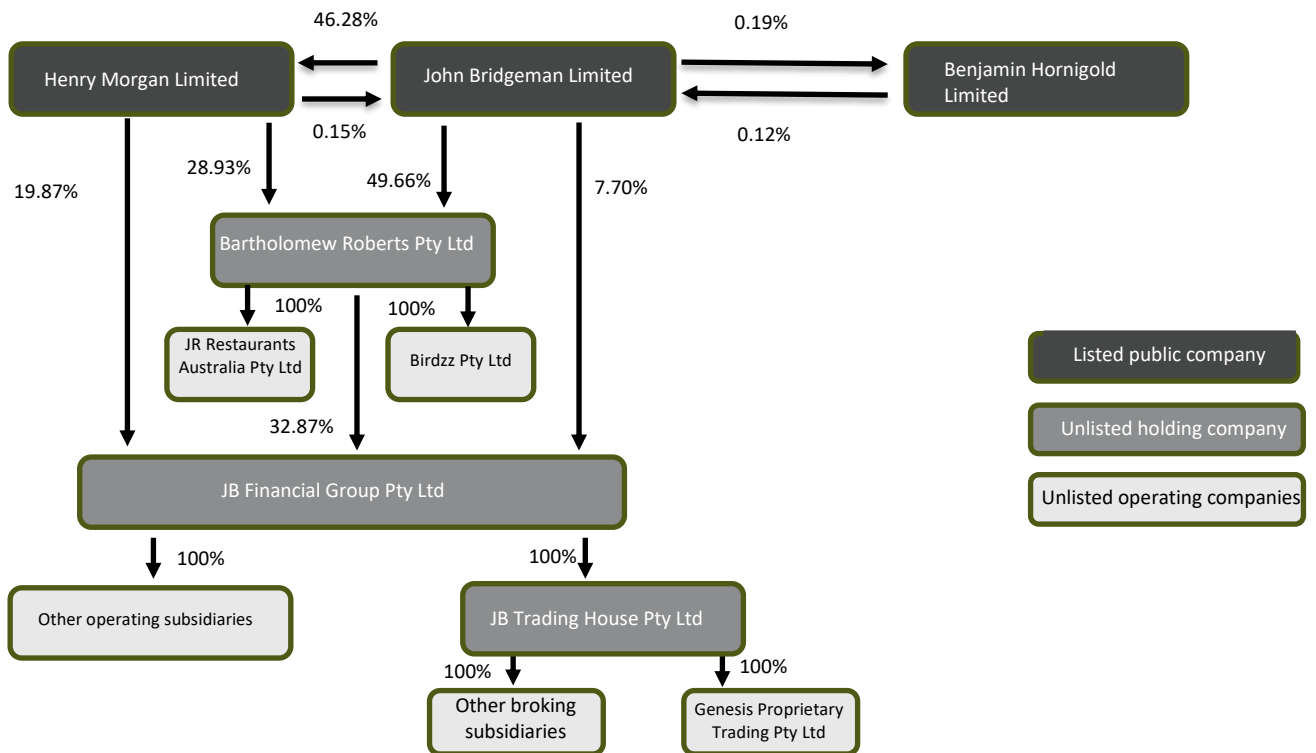
No director of HML (either directly or indirectly through their associated entities) has any shareholding interest in HML.

Stuart McAuliffe is the Managing Director of JBL, BHD, HML and Bartholomew Roberts. He is also the Group CEO of JB Financial Group.

As at the date of this Bidder's Statement, JBL had a Relevant Interest in 45,459 BHD Shares, representing voting power in BHD of approximately 0.19%.

A summary of the various share interests held between JBL, BHD, Bartholomew Roberts, HML and various operating entities is included below.

⁵ As set out in section 608 Corporations Act and further described in ASIC Regulatory Guide 5 'Relevant interests and substantial holding notices'.



Relevant interests

As at the date of this Bidder's Statement, JBL had a Relevant Interest (as that term is defined in the Corporations Act) in 113,398 BHD Shares, representing voting power in BHD of approximately 0.47%. This is determined by taking into consideration the following interests:

| Registered holder of securities | No. of shares held |
|--|---------------------------|
| John Bridgeman Limited | 45,359 |
| Henry Morgan Limited | 68,039 |
| Total shares | 113,398 |
| Voting power percentage | 0.47% |

As at the date of this Bidder's Statement, JBL had a Relevant Interest (as that term is defined in the Corporations Act) in 14,971,009 HML Shares, representing voting power in HML of approximately 46.28%. This is determined by taking into consideration the following interests:

| Registered holder of securities | No. of shares held |
|--|---------------------------|
| John Bridgeman Limited | 14,971,009 |
| Total shares | 14,971,009 |
| Voting power percentage | 46.28% |

As at the date of this Bidder's Statement, JBL had a Relevant Interest (as that term is defined in the Corporations Act) in 4,068,443 Bartholomew Roberts shares, representing voting power in Bartholomew Roberts of approximately 78.59%. This is determined by taking into consideration the following interests:

| Registered holder of securities | No. of shares held |
|--|---------------------------|
| John Bridgeman Limited | 2,570,827 |
| Henry Morgan Limited | 1,497,616 |
| Total shares | 4,068,443 |
| Voting power percentage | 78.59% |

As at the date of this Bidder's Statement, JBL had a Relevant Interest (as that term is defined in the Corporations Act) in 16,273,019 JB Financial Group Shares, representing voting power in JB Financial Group of approximately 60.45%. This is determined by taking into consideration the following interests:

| Registered holder of securities | No. of shares held |
|--|---------------------------|
| John Bridgeman Limited | 2,073,407 |
| Bartholomew Roberts Pty Ltd | 8,849,612 |
| Henry Morgan Limited | 5,350,000 |
| Total shares | 16,273,019 |
| Voting power percentage | 60.45% |

Directorships

Set out below is a summary of the each of the directors of the above companies, together with information regarding their employment and shareholdings in each company.

| Individual | Shareholding | Employment/Directorship |
|-------------------------------|--------------|--|
| John Bridgeman Limited | | |
| Stuart McAuliffe | 16.70% | Managing Director since January 2015 (executive) |
| John McAuliffe | 7.32% | Non-executive Chairman since March 2015 |
| Ross Patane | 0.29% | Non-executive director since March 2015 |

The material terms of the employment or consultancy agreements with the directors of JBL (as applicable) are as follows:

| | |
|-------------------------------|---|
| Term | No fixed term |
| Remuneration | <p>A maximum of \$450,000 is available as part of the aggregate directors' fee pool to be divided up and applied as fees for all non-executive directors sitting on the JBL Board for their services. For each non-executive director, their director's fees are 100% of their remuneration.</p> <p>As Managing Director, Stuart McAuliffe is the only executive director of JBL. He may receive non-monetary benefits associated with his employment. As noted in JBL's annual report for the year ended 30 June 2018, Stuart McAuliffe received \$154,702 worth of non-monetary short-term benefits during that financial year.</p> |
| Performance conditions | There are no performance conditions linked to the remuneration of directors. |

| Individual | Shareholding | Employment/Directorship |
|-----------------------------------|--------------|--|
| Benjamin Hornigold Limited | | |
| Stuart McAuliffe | 0.004% | Managing Director since October 2018 (executive). Previously Executive Chairman (from February 2017) |
| Peter Aardoom | 0.02% | Non-executive director since February 2017 |
| Bryan Cook | 0.03% | Non-executive director since September 2017 |

Ross Patane (who is not a director of BHD) holds 0.02% of shares in BHD.

| Individual | Shareholding | Employment/Directorship |
|-----------------------------|--------------|--|
| Henry Morgan Limited | | |
| Stuart McAuliffe | Nil | Managing Director since September 2014 (executive) |
| John McAuliffe | Nil | Non-executive Chairman since October 2015 |
| Ross Patane | Nil | Non-executive director since March 2016 |
| Peter Ziegler | Nil | Non-executive director since July 2017 |
| Vanessa Gunner | Nil | Non-executive director since May 2017 |

| Individual | Shareholding | Employment/Directorship |
|------------------------------------|---------------------|--|
| Bartholomew Roberts Pty Ltd | | |
| Stuart McAuliffe | 7.31% | Managing Director since April 2016 |
| John McAuliffe | Nil | Non-executive Chairman from April 2016 until 16 April 2019 |
| Ross Patane | Nil | Non-executive director from April 2016 until 16 April 2019 |

| Individual | Shareholding | Employment/Directorship |
|-----------------------------------|---------------------|---|
| JB Financial Group Pty Ltd | | |
| Peter Aardoom | Nil | Non-executive director since July 2016 |
| Sam Elderfield | 2.23% | Executive Director since September 2017 |
| Michael Martin | 0.06% | Non-executive director since July 2016 |

Stuart McAuliffe (who is not a director of JB Financial Group) holds 8.92% of JB Financial Group. He was previously a director of the company from December 2016 to February 2018.

Sam Elderfield is employed as CFO of John Bridgeman Limited. He holds 2.56% of JBL, 1.16% of Bartholomew Roberts and 2.23% of JB Financial Group.

Michael Martin is an employee of JBL. He holds 0.06% of JBL, 0.02% of BHD, 0.06% of JB Financial Group and 0.39% of Bartholomew Roberts.

Peter Aardoom is an employee of JB Markets Pty Ltd. He holds 2.25% of JBL and 0.02% of BHD.

Substantial shareholders

Details regarding the substantial shareholders of John Bridgeman Limited are set out in section 5.2.

Set out below is a summary of the interests of those substantial shareholders in each of BHD, HML, Bartholomew Roberts and JB Financial Group:

| JBL substantial holder | JBL | BHD | HML | Bartholomew Roberts | JB Financial |
|--------------------------------------|--------------------|-----------------------------|------------|--|-------------------------------------|
| Stuart McAuliffe | Shareholder of JBL | Shareholder of BHD (0.004%) | - | Shareholder of Bartholomew Roberts (7.31%) | - |
| Stuart Capital Pty Ltd | Shareholder of JBL | - | - | Shareholder of Bartholomew Roberts (9.66%) | Shareholder of JB Financial (8.79%) |
| Jan Holmes | Shareholder of JBL | - | - | Shareholder of Bartholomew Roberts (2.90%) | Shareholder of JB Financial (0.34%) |
| Henry Avery Partners Pty Ltd* | Shareholder of JBL | - | - | - | Shareholder of JB |

| JBL substantial holder | JBL | BHD | HML | Bartholomew Roberts | JB Financial |
|-------------------------------|--------------------|------------|------------|----------------------------|---------------------|
| | | | | | Financial (8.92%) |
| John Hawkins Pty Ltd* | Shareholder of JBL | - | - | - | - |
| John McAuliffe | Shareholder of JBL | - | - | - | - |
| Tetue Pty Ltd** | Shareholder of JBL | - | - | - | - |

* These companies are investment companies of Stuart McAuliffe.

** Tetue Pty Ltd is an investment company of John McAuliffe.

4.3 Significant transactions

Off-market takeover bid – HML

JBL announced its intention to make an off-market takeover bid for all of the issued shares in HML on 10 September 2018 (**HML Offer**). The HML Offer closed on 15 April 2019. In accordance with the terms of, and takeover contracts arising from, the HML Offer, 11,805,926 fully paid ordinary shares in HML were transferred to JBL and JBL issued 11,215,634 JBL Shares to accepting HML shareholders.

Following the conclusion of the HML Offer, JBL has a Relevant Interest in 46.28% of HML. This Bidder's Statement is accordingly prepared on the basis that HML's accounts will be consolidated into JBL's consolidated group accounts going forward.

JB Trading transaction

On 6 June 2018, BHD announced that its board had approved, in principle, the entry into an exclusive trading arrangement with JB Trading, with JB Trading issuing to BHD a \$13.5 million convertible note as consideration for entering into the exclusive trading arrangement (**JB Trading Transaction**). No cash consideration was to be provided by BHD for the issue of the convertible note. BHD proceeded on the basis of legal advice that shareholder approval was not required to proceed with the transaction and formal transaction documents were negotiated and executed.

On the basis that the JB Trading Transaction was being implemented, on 30 June 2018, John Bridgeman issued a tax invoice in accordance with its management agreement with BHD for approximately \$4.17 million (excluding GST) in performance fees, which included performance fees based on the impact of the issue of convertible notes under the JB Trading Transaction on BHD's net tangible assets.

Subsequently, the ASX exercised its discretion under the ASX Listing Rules to require BHD to obtain shareholder approval for the JB Trading Transaction. Meeting material and an independent expert's report was prepared and submitted to the ASX by BHD, which concluded that the transaction was fair and reasonable to non-associated shareholders. BHD subsequently announced that ASX had not approved the release of the meeting material, and due to timing deadlines under the transaction documentation, the JB Trading Transaction was ultimately terminated. The performance fees which had been paid to JBL on the basis of that transaction therefore became refundable, and have since been repaid to BHD.

Debt and equity transactions

Stuart McAuliffe, who is the Managing Director of JBL, agreed to lend JBL up to \$2.5 million under a loan agreement dated 30 July 2018, at an interest rate of 7.25% per annum. On 6 September 2018, the interest rate was reduced to 5.5% per annum and the term was extended to 30 March 2020. This facility is unsecured. As at the date of this Bidder's Statement, the facility has not been fully drawn down. JBL drew down \$1 million under the facility for working capital during the half-year ending 31 December 2018, of which \$250,000 is currently outstanding. The facility is available for draw down by JBL for working capital purposes (should it be required).

Stuart McAuliffe's shareholding in JBL is set out above in section 4.2.

Stuart McAuliffe is also a director of BHD and HML and his shareholding in BHD is also set out in section 4.2.

On 3 August 2018, 536,585 fully paid ordinary shares in JBL held by BHD were bought back by JBL for approximately \$1.1 million and 1,398,573 fully paid ordinary shares in JBL held by HML were also bought back by JBL for approximately \$2.8 million. JBL had agreed to buy back these shares following a decision by the ASX to require each of BHD and HML to 'cancel' their involvement in a JBL placement. The companies approached JBL to assist them to comply with this direction. JBL agreed to buy back the relevant securities at the same price at which they were placed with BHD and HML.

In light of the fact that the buy back of the securities from the respective entities was unexpected, BHD and HML agreed to extend a loan arrangement with JBL for payment of the consideration. Accordingly, on 8 August 2018:

- BHD made an unsecured loan of \$1,134,000 to JBL for a term of one year at 11.5% interest per annum (**BHD Loan**); and
- HML made an unsecured loan of \$2,411,000 to JBL for a term of one year at 11.5% interest per annum (**HML Loan**).

JBL believes it will be able to generate income from its general business activities and investments which will enable it to repay these loans in the ordinary course.

On 17 September 2018, the board of BHD agreed to amend the terms of a \$2.3 million convertible loan to JB Financial Group which was originally entered into in September 2017, the effect of which was to extend the expiry date from 10 September 2018 to 11 March 2020 (**JBFG Extension**).

On 17 September 2018, the board of BHD agreed that in respect of the refundable performance fees referred to above, \$4.5 million would be repaid over 18 months, with an interest rate of 11.50% per annum being payable on the amount outstanding (**JBL Loan**). No security was required by BHD. This amount has now been repaid to BHD by JBL (further detail of which is set out below).

On 16 October 2018:

- the BHD board extended the BHD Loan for six months (**BHD Extension**); and
- the HML board extended the HML Loan for six months (**HML Extension**).

On 30 November 2018 and as announced to the market, JB Financial Group entered into a \$7 million secured loan facility with Partners for Growth, a US based growth fund.

Under this facility, Partners for Growth holds general security over the assets of JB Financial Group and its subsidiaries, excluding certain assets. An annual interest rate of 10.5% per annum applies over a term of 48 months. For a period of seven years, the lender has the option to

purchase 1.00-1.50% of the ordinary shares of JB Financial at a fixed price. It may then choose to either put those shares to JB Financial to repurchase in certain circumstances, or hold the shares on an ongoing basis.

Following establishment of the facility, funds were applied as follows:

- payment of approximately \$375,000 in facility fees and interest repayments;
- investment in approximately \$5,430,000 on foreign exchange banknotes, which were callable on request; and
- payment of approximately \$600,000 in tax, working capital expenses and consultancy / professional advisory fees.

As at 31 December 2018, approximately \$600,000 was held as cash at bank.

Subsequently, and as further described below, JB Financial Group advanced funds to JBL which were used for the repayment of the JBL Loan, and there was a corresponding reduction in the amount applied to investment in foreign exchange banknotes.

In December 2018, BHD provided a loan \$800,000 to Genesis, of which JB Financial is the ultimate holding company. These funds are used for trading by Genesis as a proprietary trading desk.

JBL subsequently entered into an unsecured facility with JB Financial Group for up to \$7 million (**JBFG Facility**). JBL drew down \$4.5 million of the JBFG Facility on 6 March 2019, which was used to repay the amount owing to BHD by JBL. The balance funds under this facility are available for working capital or any other purpose agreed between the parties.

Financial effect of transactions

A number of transactions entered into between JBL, HML, BHD and JB Financial Group may be relevant to a BHD Securityholder's decision as to whether or not to accept the Offers. These transactions include:

- the JBL Loan, which has now been repaid;
- the BHD Loan and BHD Extension;
- the HML Loan and HML Extension;
- the JBFG Extension; and
- the JBFG Facility.

A summary of the financial effect of these transactions and how those transactions may impact upon the decision of a BHD Shareholder and/or Optionholder as to whether or not to accept the Offers is set out in the table below.

| Transaction | Financial effect | Impact |
|--------------------|--|---|
| JBL Loan | The financial effect of the JBL Loan was to defer the payment by JBL of the refundable performance fees to BHD, in return for payment of interest at 11.5% per annum. From BHD's perspective, the financial effect of this transaction was that BHD generated a fixed return of | From JBL's perspective, the impact of the repayment of the JBL Loan to BHD was the unexpected, early repayment of the amount owing by JBL. JBL entered into a credit facility with JBFG for up to \$7 million, and drew down on part of this facility to repay the amount to BHD. |

| Transaction | Financial effect | Impact |
|--|---|---|
| | <p>11.5% per annum on the principal sum of \$4.5 million.</p> <p>JBL notes that that now that the JBL Loan has been repaid, the two alternatives for BHD are to hold the cash at bank or apply the cash in accordance with BHD's global macro trading strategy.</p> <p>If the funds are applied in accordance with BHD's global macro trading strategy, JBL anticipates that approximately 20% will be used as margin, while approximately 80% will be held as cash at bank to support those activities (based on historical information available to JBL and information about BHD received by JBL in its role as BHD's investment manager).</p> <p>If cash is held at an Australian bank on a term deposit, the current rates offered by major banks indicate that interest would be generated at a rate of approximately 2.59%.</p> <p>Based upon information available to JBL at the time that the JBL Loan was entered into, JBL believed that the funds were not required to support BHD's operational requirements and would be likely to have been applied for investment purposes.</p> <p>JBL also notes that BHD's auditor did not consider the recovery of the JBL Loan as uncertain in BHD's annual report for the period ending 30 June 2018. Further information regarding the financial effect of the repayment of the JBL Loan is set out in the row of this table which relates to the JBFG Facility.</p> <p>Pursuant to the agreement, interest payments were made to BHD quarterly in arrears. Interest of \$148,869.86 has been paid in cash.</p> | <p>BHD Securityholders who are considering whether or not to accept the Offer(s) may consider that the JBL Loan was not a transaction which they anticipated would be entered into by JBL (noting that as at the date of this Bidder's Statement, the JBL Loan has been repaid by JBL to BHD).</p> <p>JBL's investment portfolio may not reflect the personal investment strategy and risk profile of individual BHD Securityholders. Some BHD Securityholders may prefer to retain their investment in BHD as the BHD investment portfolio may be more closely aligned to their personal investment strategy and risk profile. The JBL Loan has been repaid.</p> |
| <p>BHD Loan and BHD Extension</p> | <p>From JBL's perspective, the financial effect of the BHD Loan and BHD Extension was to defer the payment by JBL of an amount equal to the JBL shares bought back by JBL, in return for payment of interest at 11.5% per annum.</p> <p>From BHD's perspective, the financial effect of this transaction is that BHD generates a fixed return of 11.5%</p> | <p>From the perspective of JBL, the impact of the BHD Loan and BHD Extension is to extend the period within which \$1.134 million must be repaid.</p> <p>BHD Securityholders who are considering whether or not to accept the Offers may consider that the BHD Loan and BHD Extension are not transactions which they anticipated would be entered into by JBL.</p> |

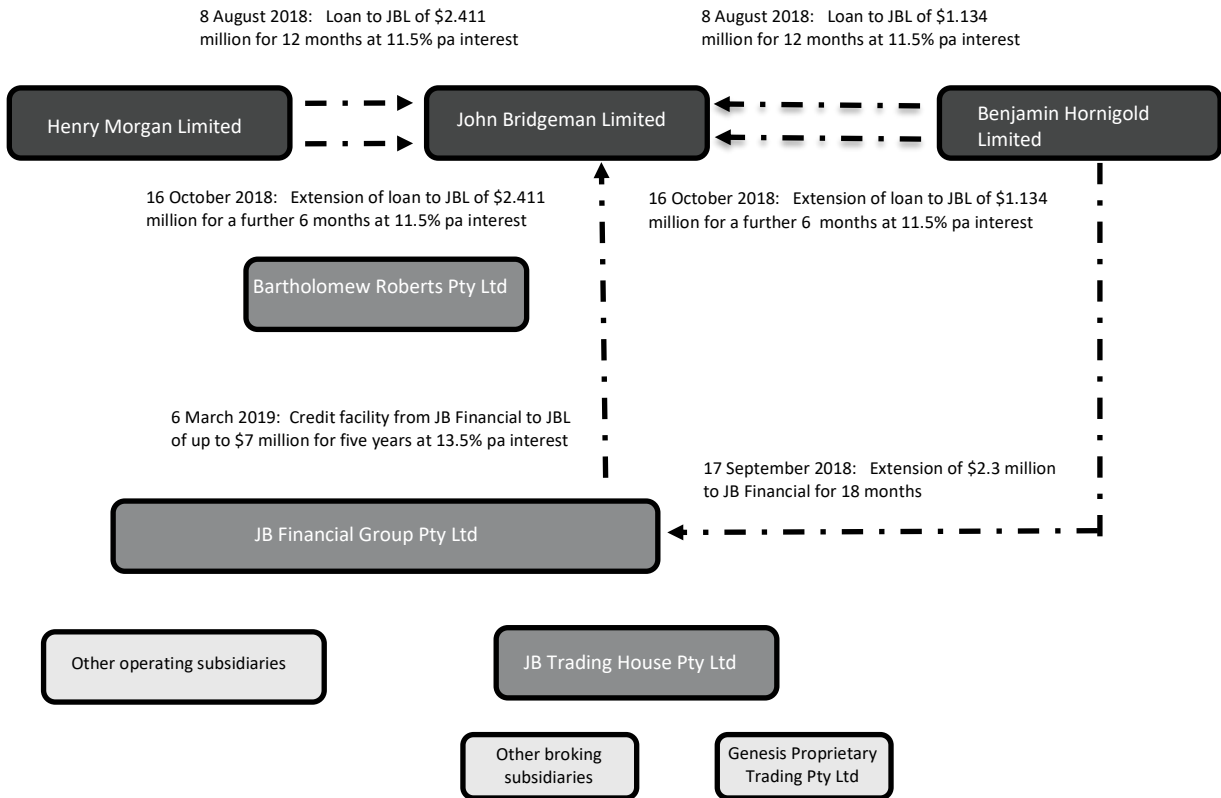
| Transaction | Financial effect | Impact |
|--|--|---|
| | <p>per annum on the principal sum of \$1.134 million.</p> <p>JBL notes that if the BHD Loan and BHD Extension were not in place, two likely alternatives would be for BHD to hold the cash at bank or apply the cash in accordance with BHD's global macro trading strategy.</p> <p>If the funds were applied in accordance with BHD's global macro trading strategy, it is JBL's policy as investment manager to use approximately 20% as margin, while approximately 80% would be held as cash at bank to support those activities (based on historical information available to JBL and information about BHD received by JBL in its role as BHD's investment manager).</p> <p>If cash were held at an Australian bank on a term deposit, the current rates offered by major banks indicate that interest would be generated at a lower rate of approximately 2.59%.</p> <p>Based upon information available to JBL, JBL believes that the funds are not required to support BHD's operational requirements and would be likely to be applied for investment purposes.</p> <p>The effect of the BHD Extension is to extend the due date for the repayment of the BHD Loan, meaning that the outstanding amount is not repaid by JBL to BHD, and BHD earns interest at 11.5% per annum on the outstanding amount, for a further six months.</p> <p>JBL also notes that BHD's auditor did not consider the recovery of the BHD Loan as uncertain in BHD's annual report for the period ending 30 June 2018.</p> <p>Pursuant to the agreement, interest payments have been made to BHD quarterly in arrears. Interest of \$53,957.77 has been paid in cash and principal has been paid of \$129,534.02. Interest continues to accrue on the balance in accordance with the terms of the agreement.</p> | <p>JBL's investment portfolio may not reflect the personal investment strategy and risk profile of individual HML Securityholders. Some BHD Securityholders may prefer to retain their investment in BHD as the BHD investment portfolio may be more closely aligned to their personal investment strategy and risk profile.</p> <p>The level of acceptances under the Offers will have an impact on the accounting treatment of the BHD Loan and BHD Extension. If JBL acquires more than 50% of BHD, BHD's accounts will be consolidated into the accounts of JBL. The effect of this is that the liability will be offset against a corresponding asset.</p> |
| <p>HML Loan and HML Extension</p> | <p>From JBL's perspective, the financial effect of the HML Loan and HML Extension was to defer the payment by JBL of an amount</p> | <p>From the perspective of JBL, the impact of the HML Loan and HML Extension is to extend the period</p> |

| Transaction | Financial effect | Impact |
|-------------|--|--|
| | <p>equal to the JBL shares bought back by JBL, in return for payment of interest at 11.5% per annum.</p> <p>From HML's perspective, the financial effect of this transaction is that HML generates a fixed return of 11.5% per annum on the principal sum of \$2,411,000.</p> <p>JBL notes that if the HML Loan and HML Extension were not in place, two likely alternatives would be for HML to hold the cash at bank or apply the cash in accordance with HML's global macro trading strategy.</p> <p>If the funds were applied in accordance with HML's global macro trading strategy, it is JBL's policy to use approximately 10-20% as margin, while 80-90% would be held as cash at bank to support those activities (based on historical information available to JBL and information about HML received by JBL in its role as HML's investment manager).</p> <p>If cash were held at an Australian bank on a term deposit, the current rates offered by major banks indicate that interest would be generated at a lower rate of approximately 2.59%.</p> <p>Based upon information available to JBL, JBL believes that the funds are not required to support HML's operational requirements and would be likely to be applied for investment purposes.</p> <p>The effect of the HML Extension is to extend the due date for the repayment of the HML Loan, meaning that the outstanding amount is not repaid by JBL to HML, and HML earns interest at 11.5% per annum on the outstanding amount, for a further six months.</p> <p>JBL also notes that HML's auditor did not consider the recovery of the HML Loan as uncertain in HML's annual report for the period ending 30 June 2018.</p> <p>Pursuant to the agreement, interest payments have been made to HML quarterly in arrears. Interest of \$109,834.45 has been paid in cash and principal has been paid of \$221,313.78. Interest continues to</p> | <p>within which \$2.411 million must be repaid.</p> <p>BHD Securityholders who are considering whether or not to accept the Offers may consider that the HML Loan and HML Extension are not transactions which they anticipated would be made by HML or JBL.</p> <p>JBL's investment portfolio may not reflect the personal investment strategy and risk profile of individual BHD Securityholders. Some BHD Securityholders may prefer to retain their investment in BHD as the BHD investment portfolio may be more closely aligned to their personal investment strategy and risk profile.</p> <p>As JBL attained a Relevant Interest in 46.28% of HML following the HML Offer, for accounting purposes, HML's accounts will be consolidated into JBL's accounts for the year ending 30 June 2019. As such, the HML Loan liability will be eliminated in the consolidated accounts.</p> <p>However, as a stand-alone entity, JBL will remain liable for the HML Loan Liability and intends to repay the HML Loan (as extended by the HML Extension) in the ordinary course.</p> |

| Transaction | Financial effect | Impact |
|-----------------------|---|--|
| | accrue on the balance in accordance with the terms of the agreement. | |
| JBFG Extension | <p>The effect of this transaction is to defer payment of a loan under a secured convertible loan agreement between BHD and JB Financial Group, entered into in September 2017, in return for payment of interest at 9.65% per annum.</p> <p>The agreement provides BHD with the opportunity to, at its discretion, convert the amount into equity in either JB Financial Group, JB Trading House Pty Ltd or Genesis Proprietary Trading Pty Ltd.</p> <p>Under the agreement, JB Financial Group pays BHD 9.65% per annum interest on the amount outstanding until such time as it is repaid, or BHD elects to convert the amount into equity.</p> <p>JBL notes that two likely alternatives to the transaction would be for BHD to hold the cash at bank or apply the cash in accordance with BHD's global macro trading strategy.</p> <p>If the funds were applied in accordance with BHD's global macro trading strategy, JBL anticipates that approximately 20% would be used as margin, while approximately 80% would be held as cash at bank to support those activities (based on historical information available to JBL and information about BHD received by JBL in its role as BHD's investment manager).</p> <p>If cash were held at an Australian bank on a term deposit, the current rates offered by major banks indicate that interest would be generated at a lower rate of approximately 2.59%.</p> <p>Based upon information available to JBL, JBL believes that the funds are not required to support BHD's operational requirements and would be likely to be applied for investment purposes.</p> <p>JBL also notes that BHD's auditor did not consider the recovery of the BHD Loan as uncertain in BHD's annual report for the period ending 30 June 2018.</p> <p>Pursuant to the agreement, interest payments have been made to BHD quarterly in arrears. Interest of</p> | <p>BHD Securityholders who are considering whether or not to accept either or both of the Share Offer or the Option Offer (as applicable) may consider that the JBFG Extension is not a transaction which they anticipated would be made by JB Financial Group or JBL (in the context of JBL's investment in JB Financial Group).</p> <p>JBL's investment portfolio may not reflect the personal investment strategy and risk profile of individual BHD Securityholders. Some BHD Securityholders may prefer to retain their investment in BHD as the BHD investment portfolio may be more closely aligned to their personal investment strategy and risk profile.</p> |

| Transaction | Financial effect | Impact |
|-----------------------------|---|--|
| | <p>\$64,562.00 has been paid in cash. Interest continues to accrue on the balance in accordance with the terms of the agreement.</p> | |
| <p>JBFG Facility</p> | <p>The financial effect of this transaction is that JBL may draw on a line of credit of up to \$7 million from JB Financial Group. To date, JBL has drawn down \$4.5 million of funds in order to repay \$4.5 million (plus accrued interest) to BHD under the JBL Loan.</p> <p>The draw down has the effect of reducing JBL's liability of \$4.5 million (plus accrued interest) to BHD and incurring a liability of \$4.5 million, plus interest at a rate of 13.5% per annum, to JB Financial Group.</p> | <p>From the perspective of JBL, the impact of the JBFG Facility is to provide an external line of credit which can be drawn down as required.</p> <p>BHD Securityholders who are considering whether or not to accept either or both of the Share Offer or Option Offer (as applicable) may consider that the JBFG Facility is not a transaction which they anticipated would be entered into by JBL (or JB Financial Group, in the context of JBL's investment in JB Financial Group).</p> <p>JBL's investment portfolio may not reflect the personal investment strategy and risk profile of individual BHD Securityholders. Some BHD Securityholders may prefer to retain their investment in BHD as the BHD investment portfolio may be more closely aligned to their personal investment strategy and risk profile.</p> <p>JBL intends to repay the JBFG Facility in the ordinary course.</p> |

A diagram which summarises these transactions is also included on the following page.



In addition to the transactions highlighted above, the following table summarises the balance loan arrangements between JBL, Bartholomew Roberts, BHD, HML and JB Financial. Where required, these are disclosed in the relevant company's financial reports:

| John Bridgeman Limited – Lender Summary | | | |
|--|------------------------------|-----------------|----------------------|
| | Principal⁶ | Maturity | Interest rate |
| Birdzz Pty Ltd | \$1,532,305 | Aug-20 | 9.65% |
| JR Restaurants Australia Pty Ltd | \$835,989 | July-20 | 5.0% |
| Capital Credit Pty Ltd | \$378,435 | Mar-20 | 5.0% |
| Bartholomew Roberts Pty Ltd | \$219,758 | Apr-20 | 9.65% |

| Bartholomew Roberts Pty Ltd – Lender Summary | | | |
|---|------------------|-----------------|----------------------|
| | Principal | Maturity | Interest rate |
| Birdzz Pty Ltd | \$162,279 | May-20 | 5.0% |
| JR Restaurants Australia Pty Ltd | \$1,516,256 | Feb-21 | 5.0% |
| Ashdale Integrity Solutions Pty Ltd | \$40,000 | Oct-19 | 0% |

| Benjamin Hornigold Ltd – Lender Summary | | | |
|--|------------------|-----------------|----------------------|
| | Principal | Maturity | Interest rate |
| Genesis Proprietary Trading Pty Ltd | \$852,077 | Oct-19 | 9.0% |
| JB Financial Group Pty Ltd | \$2,464,648 | Sept-20 | 5.0% |
| John Bridgeman Limited | \$1,127,155 | Feb-20 | 11.50% |

| Henry Morgan Limited – Lender Summary | | | |
|--|------------------|-----------------|----------------------|
| | Principal | Maturity | Interest rate |
| Capital Credit Pty Ltd | \$443,734 | Jan-20 | 5.0% |
| John Bridgeman Limited | \$2,251,777 | Feb-20 | 11.50% |

Other transactions

Foreign currency banknotes are held in the custody of JBFX Wholesale Pty Ltd (**JBFX**) and Kings Currency Exchange Pty Ltd (**Kings**) (wholly owned subsidiaries of JB Financial Group). The banknotes are traded and managed by JBFX and Kings on behalf of BHD and HML under services agreements to generate a return to BHD and HML as owners of the banknotes.

JB Markets Pty Ltd is an ultimate subsidiary of JB Financial Group. It is one of the brokers which JBL engages to trade on its behalf or on behalf of entities for which it acts as investment manager. See section 4.2 for a summary of these arrangements.

⁶ These amounts include the original loan amounts plus any interest as at March 2019.

BHD, HML and JBL have each entered into profit-sharing agreements with Genesis. Under the agreements, trading profits earned or losses in excess of \$20,000 per month, are shared between Genesis and the relevant counterparty. Details are set out in the annual reports of the relevant companies.

Investment in JB Financial Group

One of the key investments held by JBL is in JB Financial Group Pty Ltd, an unlisted company whose business strategy has been to develop and expand businesses where it believes it has a strong competitive advantage, primarily in foreign exchange and market trading. Prior to completion of the HML Offer, JBL's investment in JB Financial Group constituted approximately 40% of JBL's investment portfolio. Following completion of the HML Offer, it is estimated that JBL's investment in JB Financial Group will constitute approximately 28% of JBL's investment portfolio.

In January 2018, JBL made an offer to acquire all of the shares in JB Financial Group, and received indicative acceptances from all shareholders in that company. HML subsequently withdrew its acceptance. The proposed buy-back of HML's shares in JB Financial Group ultimately did not proceed as proposed, and that transaction was terminated.

On 4 March 2019, JBL announced that it had terminated the acquisition of JB Financial Group. JBL retains its 7.70% direct interest in JB Financial Group (which forms part of JBL's consolidated group for the purposes of its accounts).

JB Financial Group's financial performance and position is disclosed in its Annual Report, released to the market on 2 November 2018 via JBL's announcements platform. BHD Securityholders are encouraged to read that document for further information regarding JB Financial Group.

BHD Securityholders should be aware that JB Financial Group's Annual Report noted that, for the period ending 30 June 2018, the loss for the JB Financial Group consolidated group after tax amounted to \$19.25 million and JB Financial Group's auditor drew attention to a material uncertainty as to JB Financial Group's ability to continue as a going concern. At the end of the 30 June 2018 financial year, current liabilities exceeded current assets by \$2.255 million.

Notwithstanding the reported results, the JB Financial Group Annual Report notes that JB Financial Group directors have confirmed their view that JB Financial Group and the consolidated entity will be able to realise their assets and settle their liabilities in the normal course of business and at amounts stated in the financial report.

The JB Financial Group Annual Report notes that its directors have made enquiries of management, examined the consolidated group's current financial position and financial forecasts. Despite any material uncertainty that may cast doubt about the consolidated group's ability to continue as a going concern, the JB Financial Group Annual Report notes that the directors of JB Financial Group have a reasonable expectation that JB Financial Group and the consolidated group have adequate financial resources to continue as a going concern.

Significant matters identified by the directors include:

- the reported loss is not considered by the directors to reflect the expected future performance of the consolidated group. Operating expenses for the reporting period included significant non-recurring and non-cash expenses arising from acquisition of new businesses, restructuring costs, redundancy payments, fair value adjustments, impairment, depreciation and amortisation costs;
- cost reductions implemented in the first half of calendar year 2018 are expected to provide positive operating cash flows to the JB Financial Group consolidated group over the medium term. Having absorbed the initial acquisition, restructuring and development costs within the consolidated group, management of capital expenditure and growth is forecast to reduce short term funding required for growth of the business divisions; and

- subsequent to the end of the financial year, the consolidated group's maturing debt facilities have either been repaid, converted to equity, or had maturity terms extended.

JB Financial Group has provided information to JBL which indicates that a large number of one-off costs and impairments have been undertaken since the Annual Report for the period ending June 2018. In addition, operating expenditure has increased and the net asset position of the company has improved (refer to section 4.5 for further details).

JB Financial Group was incorporated in July 2016. Over the past two and a half years, it has been acquiring and integrating a range of businesses in the financial services industry.

While some of the businesses acquired by JB Financial Group were established operating businesses at the time of acquisition, JB Financial Group has focussed on increasing and developing those businesses. For example, King's Currency Exchange Pty Ltd's business (being the operation of a retail foreign exchange business) has increased from 13 stores to 29 stores.

In addition, JB Financial Group's mercantile services division (which is headed by Risk & Security Management Pty Ltd), has been working to integrate several acquisitions of established businesses during this period.

JB Financial Group acquired the company which would form the basis of its broking division, JB Markets, in August 2016. Further acquisitions occurred in 2017. JB Financial has invested in personnel, technology, licensing and infrastructure to develop this division and integrate these businesses.

In addition, JB Financial Group established a fintech division and credit finance division over the past two years, investing significantly in personnel and technology.

Given the early stage of development of JB Financial Group, it is to be expected that losses will be incurred as the company's business divisions develop.

However, given the fact that the nature of the businesses within JB Financial are scalable, high growth and reasonably inelastic, the company is an attractive investment opportunity. As the global market has become extremely volatile over the past several years with increased uncertainty and declining growth, an investment in, or financial support for, a company such as JB Financial with defensible income businesses with high growth potential, was considered appropriate for companies such as BHD and HML.

To the best of JBL's knowledge, and taking into consideration the fact that JB Financial Group has provided a \$7 million credit facility to JBL (with \$4.5 million being drawn by JBL to repay the \$4.5 million JBL Loan), JB Financial Group is dependent on its ability to achieve the following objectives:

- forecast positive cash flows from operations;
- proposed capital expenditure management;
- capital raisings by way of debt or equity; and
- realisation of surplus assets and sale of existing assets or companies either by a float or trade sale.

4.4 Directors and senior management

The directors of JBL are set out below:

John McAuliffe – Chairman

John McAuliffe was appointed as Chairman of the Board in March 2015. John is also a director of HML, as set out in section 4.2. He was formerly a director of Bartholomew Roberts.

John was awarded the Order of Australia in June 2007 for service to the community particularly through executive roles in the areas of health care and public housing management, and to the property valuation industry.

John has a strong relationship with both Federal and State Governments and Secretaries and Directors General. He was a senior bureaucrat in the Federal Government until 2000 and was also called upon to provide advice on a range of issues. As Chairman of the Brisbane Housing Company he regularly meets with both Federal and State Ministers on housing issues and has provided advice to Andrew Fraser when he was the Treasurer, on stock transfer of the Government's Housing portfolio. John is also working on a range of other confidential matters with the Government.

In 1989 John was awarded the Kenneth Campbell Memorial Award for professional excellence and outstanding service to The Australian Institute of Valuers and Land Economists.

Since 1966 John has been a senior lecturer (part-time) at the Queensland University of Technology for Land Valuation, Investment Theory and Land Studies in the Built Environment and the Surveying School. Those lectures involve students in the degree courses in Building, Quantity Surveying and Land Surveying. John has also lectured for 15 years at the University of Queensland on Property Valuation and during this period also lectured to valuation students in the degree course at the Gatton Agricultural College and to Diploma students in Brisbane. John wrote the correspondence papers for the final year valuation students.

John was previously the Chairman of the board of the Holy Spirit Hospital, Brisbane and Mater Health Services, Brisbane. He is a former member of the board of the Mount Olivet Hospital and is former chairman of Brisbane Housing Company, Multicap, Catholic Property, Brisbane and Freedom Aged Care and a director of Holy Cross Laundry and Lady Bowen Trust.

John's other qualifications include:

- Life Fellow of the Australian Institute of Valuers and Land Economists;
- Fellow of the Australian Institute of Building - Chartered Builder;
- Associate Papua New Guinea Institute of Valuers and Land Administrators;
- Registered Valuer, Queensland and New South Wales;
- Registered Valuer, Papua New Guinea;
- Associate Central Technical College Brisbane - Diploma in Building and Diploma in Quantity Surveying;
- Member Real Estate Institute of Queensland; and
- Fellow, Real Estate Institute of Queensland

Stuart McAuliffe – Managing director

Stuart McAuliffe was appointed as Managing Director in January 2015.

Stuart's current and previous directorships and employment with BHD, HML, Bartholomew Roberts and JB Financial Group are set out in section 4.2.

Stuart has over 25 years' experience investing in global equity, bond, currency and commodity markets, capital venture and strategic management. He has pioneered innovative research into the correlation and causation between different global equity and currency markets over short, medium and long term time periods. As the senior executive responsible for investments, he uses a 'layered' approach combining multiple time frame fundamental analysis in markets and diversification through asset ownership and ventures.

Stuart is of the belief that great investment decisions are derived from an in depth understanding of historical forces. Stuart's bachelor's degree was a Bachelor of Arts from University of Queensland earning a double major in Modern History and a Major in Ancient History. Courses focused on military strategy including the campaigns of Julius Caesar, Napoleon and General George Patton and he credits this early training as the basis for his innovative future strategies and tactics in investment markets and opportunity identification.

Previously an Associate Professor at Bond University, Stuart has lectured nationally and internationally in the fields of economic forecasting, valuation modelling, financial structures and risk management. His specialisations include the short to long-term effects of central bank policy and the pricing of extreme valuations at market peaks and troughs. He has designed and developed proprietary indices measuring economic leading indicators and their probable effects on equity and real estate markets.

Stuart's current and previous directorships with other companies within the JBL consolidated group are summarised below:

| Entity Name | Role | Status | Appointed | Resigned |
|--|----------|---------|------------|------------|
| Advance Group Holdings Pty Ltd | Director | Current | 1/11/2016 | |
| Australian Legal Support Group Pty. Ltd. | Director | Current | 3/07/2017 | |
| Birdzz Pty Ltd | Director | Former | 31/05/2017 | 16/04/2019 |
| Capital Credit Pty Ltd | Director | Current | 23/08/2016 | |
| Growth Point Capital Pty Ltd | Director | Former | 24/11/2017 | 05/04/2018 |
| HPH Holdings Pty Ltd | Director | Current | 27/04/2017 | |
| IDS Group Pty Ltd | Director | Former | 20/11/2008 | 15/07/2009 |
| IDS Group Pty Ltd | Director | Former | 21/06/2016 | 16/08/2016 |
| JBFX Retail Pty Ltd | Director | Current | 9/06/2017 | |
| JR Restaurants Australia Pty Ltd | Director | Former | 7/07/2016 | 16/04/2019 |
| K-Ching Holdings Pty Ltd | Director | Former | 1/11/2016 | 30/7/2018 |
| K-Ching Pty Ltd | Director | Former | 1/11/2016 | 30/7/2018 |
| Risk & Security Management Pty Ltd | Director | Former | 21/06/2016 | 19/08/2016 |
| Risk & Security Management Pty Ltd | Director | Current | 28/04/2017 | |
| JBFX Wholesale Pty Ltd | Director | Current | 9/06/2017 | |
| JB Trading House Pty Ltd | Director | Former | 1/05/2018 | 22/05/2018 |
| JB Prime Pty Ltd | Director | Current | 16/01/2019 | |

Stuart is also a director of the following dormant companies:

| Entity Name | Role | Status | Appointed | Resigned |
|-----------------------------------|----------|---------|------------|----------|
| Funz Holdings Pty Ltd | Director | Current | 19/05/2017 | |
| JB Fintech Services Pty Ltd | Director | Current | 13/06/2017 | |
| JB International Payments Pty Ltd | Director | Current | 13/06/2017 | |
| JB Trading Services Pty Ltd | Director | Current | 13/06/2017 | |
| Piggybk Holdings Pty Ltd | Director | Current | 19/05/2017 | |

Ross Patane – Non-executive director

Ross Patane was appointed as a Director in March 2015. Ross is also a director of HML, as set out in section 4.2. He was formerly a director of Bartholomew Roberts.

Ross is a chartered accountant with in excess of 25 years' experience in providing business reconstruction, asset securitisation, corporate advisory, property advisory and wealth management services.

Ross is presently Senior Partner – Corporate Finance in Findex's Crowe Horwath South Queensland team, a leading accounting and financial services business.

Ross is the former non-executive Chairman of Qbiotics, a leading Queensland biotechnology company. He was appointed by the Queensland Government to be a Member of the Board of Trustees of the Queensland Art Gallery and Gallery of Modern Art (QAGAMO) and is the chair of the QAGOMA Audit and Risk Committee and completed his term in 2017. He has held a number of positions as director or non-executive director of AFSL licensees and responsible entities and as a member of compliance committees pursuant to the Corporations Act. Ross brings a strong commercial and strategic focus to complex transactions, drawing on years of experience as the lead advisor in mergers and acquisitions, valuations, due diligence, structured finance deals, investment management, equity raising and debt and equity capital markets transactions, with details knowledge and understanding of corporate governance, corporate finance and financial markets.

Ross's qualifications include:

- Bachelor of Business (Accounting);
- Fellow of Chartered Accountants Australia and New Zealand;
- Fellow of the Financial Services Institute of Australasia; and
- –Fellow of the Australian Institute of Company Directors

Jody Wright – Co-company secretary

Jody Wright was appointed as Company Secretary on 14 July 2016.

She was admitted to practice as a Solicitor of the Supreme Court of Queensland in January 2001 and is a member of the Queensland Law Society. Jody is also a Graduate of the Australian Institute of Company Directors.

Jody has an extensive background in corporate governance, compliance, risk management, board advisory and commercial litigation.

She has significant experience as in-house counsel and compliance manager across different industry spheres including financial services, insurance and investigative services.

Kevin Mischewski – Co-company secretary

Kevin Mischewski is a Chartered Accountant and member of the Governance Institute of Australia. He has held Company Secretary and Chief Financial Officer roles for ASX-listed and unlisted public companies. Kevin brings a wealth of experience as a finance and company administration executive. Kevin previously held the role as Company Secretary and Chief Financial Officer for ASX listed Australian Pacific Coal Limited.

Kevin holds the following qualifications:

- Bachelor of Business;
- Member of the Institute of Chartered Accountants Australia and New Zealand (CA);
- Members of the Governance Institute of Australia (AGIA); and
- Registered Tax Agent

4.5 Financial profile of JBL

Detailed financial information about JBL is available in its most recent financial statements (being its half-year accounts for the period ended 31 December 2018) released to the market on 14 March 2019, including the consolidated results of JB Financial Group (which are consolidated for the purposes of JBL's accounts). A copy of these accounts are annexed to this Bidder's Statement.

The financial report for JBL for the year ended 30 June 2018 as contained in JBL's Annual Report for the year ended 30 June 2018, was lodged with NSX on 22 October 2018.

JBL's financial position on a consolidated basis as at 30 June 2018 can be summarised as follows:

- (a) Total assets of \$95,089,372.
- (b) Net assets of \$49,672,296.
- (c) Cash and cash equivalents net of debt of \$10,603,024.

For the year ended 30 June 2018, the following results were recorded:

- (a) Revenues of \$54,003,551.
- (b) Net loss of \$16,672,668.

BHD Shareholders and Optionholders should be aware that JBL's most recent audit opinion in relation to its full year accounts for the year ended 30 June 2018 refers to a material uncertainty as to JBL's ability to continue as a going concern.

BHD Shareholders and Optionholders should be aware that JBL's Annual Report noted that, for the period ending 30 June 2018, the loss for the JBL consolidated group (which includes JBL, JB Financial Group, Bartholomew Roberts and their subsidiaries for accounting purposes) after tax amounted to \$16,672,668. At the end of the financial year, current liabilities exceeded current assets by \$2,601,518. Notwithstanding the reported results, the financial report was prepared on a going concern basis as the directors considered that JBL and the consolidated group would be able to realise their assets and settle their liabilities in the normal course of business and at amounts stated in the financial report.

The directors have made enquiries of management, examined the consolidated group's current financial position and financial forecasts.

Despite any material uncertainty that may cast doubt about the consolidated group's ability to continue as a going concern, the directors confirmed that they held a reasonable expectation that JBL and the consolidated group had adequate financial resources to continue as a going concern.

Significant matters identified by the directors included:

- the reported loss was not considered by the directors to reflect the expected future performance of the JBL consolidated group. Operating expenses for the reporting period included significant non-recurring and non-cash expenses arising from acquisition of new

businesses, restructuring costs, redundancy payments, fair value adjustments, impairment, depreciation and amortisation costs;

- cost reductions implemented in the first half of calendar year 2018 are expected to provide positive operating cash flows to the consolidated group over the medium term. Having absorbed the initial acquisition, restructuring and development costs within the JBL consolidated group, management of capital expenditure and growth is forecast to reduce short term funding required for growth of the business divisions; and
- subsequent to the end of the financial year, the JBL consolidated group's maturing debt facilities had either been repaid, converted to equity or had maturity terms extended.

The financial report for JBL for the half-year ended 31 December 2018, as contained in JBL's half-year accounts for the period ended 31 December 2018, was lodged with NSX on 14 March 2019. A copy of these accounts is annexed to this Bidder's statement

JBL's financial position on a consolidated basis as at 31 December 2018 can be summarised as follows:

- (a) Total assets of \$88,627,631.
- (b) Net assets of \$38,971,729.
- (c) Cash and cash equivalents net of debt of \$-5,747,453.

For the half-year ended 31 December 2018, the following results were recorded:

- (a) Revenues of \$26,731,274.
- (b) Net loss of \$1,525,777.

In their report, JBL's auditor drew attention to Note 2 of the financial report, which indicates that the consolidated group had incurred a net loss of \$1,525,777 during the half-year ended 31 December 2018 and had negative cash flows from operations of \$157,762 for the same half-year period. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the consolidated group's ability to continue as a going concern, and therefore, whether it will realise its assets and discharge its liabilities in the normal course of business. The auditor's opinion was not modified in respect of this matter.

Notwithstanding the reported results, the financial report was prepared on a going concern basis as the directors considered that JBL and the consolidated group will be able to realise their assets and settle their liabilities in the normal course of business and at amounts stated in the financial report.

The report notes that JBL directors have made enquiries of management, examined the consolidated group's current financial position and financial forecasts. Despite any uncertainty that may cast doubt about the consolidated group's ability to continue as a going concern, the JBL directors have a reasonable expectation that JBL and the consolidated group has adequate financial resources to continue as a going concern.

Significant matters identified by the JBL directors include that:

- the reported loss is not considered by the directors to reflect the expected future performance of the consolidated group. Operating expenses for the reporting period included non-recurring and non-cash expenses arising from restructuring costs, fair value adjustments, impairment, depreciation and amortisation costs; and
- cost reductions implemented in the first half of calendar year 2018 are expected to provide positive operating cash flows to the consolidated group over the medium term. Having

absorbed the initial acquisition, restructuring and development costs within the consolidated group, management of capital expenditure and growth is forecast to reduce short term funding required for growth of the business divisions.

The continuation of JBL and the consolidated group as a going concern is dependent on their ability to achieve the following objectives:

- forecast positive cash flows from operations;
- proposed capital expenditure management;
- capital raisings by way of debt or equity; and
- realisation of surplus assets and sale of existing assets or companies either by a float or trade sale.

Should the anticipated capital raisings not generate the expected cash flows, JBL may not be able to pay its debts as and when they become due and payable, and it may be required to realise assets and extinguish liabilities other than in the ordinary course of business and at amounts different from those stated in the financial statements. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should JBL and the consolidated group not continue as going concerns.

JBL notes that during the 12 months ending 30 June 2018, the consolidated group, which includes JBL and JB Financial Group and its subsidiaries for accounting purposes, experienced a large number of one-off costs and impairments. While the audited consolidated account recorded a net loss of circa \$16.67 million, if impairment and high level once-off cost items are excluded, the loss is significantly less (approximately \$7.4 million). Of the net loss, \$7.67 million is attributable to impairment expenses.

The operating expenses which contributed to the loss included salaries and wages, office and infrastructure costs, redundancy payments, general operational outgoings, traders' fees, and professional services expenses.

The cost reduction measures that have been put in place include the implementation of redundancies, reductions in operational and infrastructure costs and outgoings, reduced external services fees, cost efficiencies, contractor scale discounts, restructuring and associated measures.

In JBL's half year financial accounts, the consolidated balance sheet for the period ending 31 December 2018 shows that current and non-current borrowings for the consolidated group have increased from \$8.3 million in June 2018 to \$25.1 million in December 2018. Details regarding these borrowing arrangements are set out in Notes 20 and 21 of JBL's auditor-reviewed accounts, which are annexed to this Bidder's Statement.

In addition, Note 5 Operating segments in the half year accounts indicate a \$14 million deficiency in net assets in the investment management services segment, and an increased segment net loss of approximately \$1.4 million. This increased net loss is due to significant external advisory, legal and accounting fees incurred over the past 12 months associated with proposed transactions and ongoing restructuring. The increase in segment liabilities was associated with loans from BHD and HML, \$4.5 million of which is the JBL Loan referred to in section 4.3, which has since been repaid. Investment management services segment assets include investments in the operating subsidiaries which are eliminated on consolidation. In JBL's statement of cash flows for the half year ended 31 December 2018, the line item 'Funds (paid to) / received from investors' refers to \$6,460,399 in foreign currency banknotes owned by third parties such as BHD and HML which have been placed on consignment with a wholly owned subsidiary of JB Financial Group under a services agreement to generate a return on the trading on those banknotes. This line item refers to the transfer of those banknotes back to BHD and HML.

In relation to Note 14 Current assets - trade and other receivables, receivables of \$2,440,000 relate to the issue of shares by JBL to a third party investor, and \$2,055,000 relates to the sale by JBL of HML shares to a third party.

Following negotiations with the debtor, these receivables were settled on 11 September 2018 by the transfer of 814,882 JB Financial Group shares from the debtor to JBL.

BHD Shareholders and Optionholders should also be aware that the most recent audit opinion for JB Financial Group in relation to its full year accounts for the year ended 30 June 2018 refers to a material uncertainty as to JB Financial Group's ability to continue as a going concern. Further information regarding JB Financial Group is set out in section 4.3.

Investment management agreements

As noted above in section 4.2, JBL is engaged as investment manager for BHD, Bartholomew Roberts (an unlisted private equity vehicle), HML, and the JB High Alpha Fund. Section 4.2 also contains a summary of the material terms of the investment management agreements.

The total income received by JBL under the above agreements (since commencement of the agreements) by way of management and performance fees and other services outside general services is approximately \$18.5 million.

Investment portfolio

As at the date of this document, JBL's investment portfolio is focussed on investments in listed and unlisted securities. In summary, the portfolio includes:

- investment in Bartholomew Roberts of \$14,178,502.61;
- investment in BHD of \$79,523.75;
- investment in HML of \$14,911,754.54; and
- investment in JB Financial Group of \$11,331,307.00.

Bartholomew Roberts acquired the master franchise licences for international franchise brands Johnny Rockets and Wingstop in October 2016 and August 2017 with a development capacity for 100 restaurants and 110 restaurants across Australia and New Zealand respectively.

Given the current environment and challenges of the retail food industry, the book value of both master franchise licences is recorded as zero in JBL's accounts.

As at the date of this Bidder's Statement, one Johnny Rockets store has been established at The Emporium, in Brisbane. No Wingstop restaurants have yet been opened.

4.6 Publicly available information

JBL is a company listed on NSX (Code: JBL) and is subject to the continuous and periodic disclosure requirements of the NSX Listing Rules and the Corporations Act. A substantial amount of information on JBL is publicly available and may be accessed by referring to JBL on www.nsx.com.au.

A list of announcements made by JBL to NSX between 1 July 2018 and the date of this Bidder's Statement is set out in Schedule 4. This information may be relevant to your assessment of the Offers. Copies of the announcements are available from NSX.

4.7 Further information

Further information about JBL can be found on JBL's website: www.johnbridgeman.com.au

4.8 Recent price performance of JBL Shares

JBL Shares are quoted on NSX under the code JBL. JBL's Securities are currently suspended from trading. The price at which JBL Shares were last traded on market was \$0.60 per share.⁷

The highest recorded closing price of JBL Shares on NSX in the three months before 30 April 2019 was \$0.60.⁸ The lowest recorded closing price of JBL Share on NSX in the three months before 30 April 2019 was \$0.60.⁹

Since 1 July 2017, JBL has requested a voluntary trading halt in respect of its securities five times to ensure that the market was in each case fully informed, pending announcements regarding significant business events (including placements of securities). Trading in JBL was also suspended between 29 August and 18 September 2018 (due to a delay in implementing a proposed on-market buy-back) and 3 October 2018 and 22 October 2018 (due to delayed lodgment of JBL's annual financial reports).

Further, trading in JBL Securities was suspended on 10 April 2019. As at the date of this Bidder's Statement, this suspension has not been lifted. JBL is engaging with NSX, and continuing to respond to any queries raised by NSX to seek the reinstatement of its securities to NSX as soon as possible. It is noted, however, that this is ultimately subject to the discretion of NSX.

Historically, JBL Shares have traded as follows:

| Period | Number of shares traded | VWAP for the Period |
|--|--------------------------------|----------------------------|
| January to June 2016 | 8,000 | \$1.36 |
| July to December 2016 | 687,000 | \$1.52 |
| January to June 2017 | 296,500 | \$2.26 |
| July to December 2017 | 51,000 | \$2.06 |
| January to June 2018 | 15,750 | \$2.00 |
| July to December 2018 | 481,761 | \$1.56 |
| January to the date of this Bidder's Statement | 0 | - |

Historical performance is not necessarily an indicator of future performance. Depending on the level of acceptances under the Share Offer, the level of trading in JBL securities may or may not be affected. There can be no guarantee of the future state of the market for JBL Shares.

By way of comparison, shares in BHD have traded as follows over the relevant period:

| Period | Number of shares traded | VWAP for the Period |
|------------------------|--------------------------------|----------------------------|
| May to June 2017 | 2,459,119 | \$0.94 |
| July to December 2017 | 3,208,574 | \$0.79 |
| January to June 2018 | 5,069,706 | \$0.88 |
| July to December 2018* | 545,452 | \$0.76 |

* Securities in BHD were suspended from trading on 30 July 2018.

⁷ This trade occurred on 24 December 2018.

⁸ This trade occurred on 24 December 2018.

⁹ This trade occurred on 24 December 2018.

5 Information regarding JBL Shares

5.1 Issued securities

At the date of this Bidder's Statement, the following JBL Securities are on issue:

- (a) 35,583,338 JBL Shares;
- (b) 2,227,850 convertible notes;
- (c) 24,186,520 options.

Trading in JBL Securities was suspended on 10 April 2019. As at the date of this Bidder's Statement, this suspension has not been lifted. JBL is engaging with NSX, and continuing to respond to any queries raised by NSX to seek the reinstatement of its securities to NSX as soon as possible. It is noted, however, that this is ultimately subject to the discretion of NSX.

5.2 Substantial holders

At the date of this Bidder's Statement the substantial holders in JBL are:

| Substantial holder | Interest | Substantial holding |
|---|----------|---------------------|
| Stuart McAuliffe* | 16.70% | 5,943,992 |
| John McAuliffe** | 7.32% | 2,606,000 |
| Stuart Capital Pty Ltd | 21.59% | 7,681,016 |
| *The following substantial holders are duplicates, being the relevant interests of entities controlled by Stuart McAuliffe. These 5,943,992 shares are included in Stuart McAuliffe's substantial holding disclosure. | | |
| Substantial holder | Interest | Substantial holding |
| Henry Avery Partners Pty Ltd | 16.70% | 5,943,992 |
| John Hawkins Pty Ltd | 16.70% | 5,943,992 |
| **The following substantial holder is a duplicate, being the relevant interests of an entity controlled by John McAuliffe. These 2,606,000 shares are included in John McAuliffe's substantial holding disclosure. | | |
| Substantial holder | Interest | Substantial holding |
| Tetue Pty Ltd | 7.32% | 2,606,000 |

The substantial holders in JBL may hold the following interests in JBL in each of the following scenarios, and assuming that each substantial holder accepts 100% of their entitlements under the Share Offer and are issued JBL Shares as consideration:

JBL substantial holders – JBL acquires 50.1% of BHD

| Substantial holder | Interest | Substantial holding |
|---|----------|---------------------|
| Stuart McAuliffe* | 12.47% | 5,944,992 |
| John McAuliffe** | 5.47% | 2,606,000 |
| Stuart Capital Pty Ltd | 16.12% | 7,685,551 |
| *The following substantial holders are duplicates, being the relevant interests of entities controlled by Stuart McAuliffe. These 5,944,992 shares are included in Stuart McAuliffe's substantial holding disclosure. | | |
| Substantial holder | Interest | Substantial holding |
| Henry Avery Partners Pty Ltd | 12.47% | 5,944,992 |
| John Hawkins Pty Ltd | 12.47% | 5,944,992 |
| **The following substantial holder is a duplicate, being the relevant interests of an entity controlled by John McAuliffe. These 2,606,000 shares are included in John McAuliffe's substantial holding disclosure. | | |
| Substantial holder | Interest | Substantial holding |
| Tetue Pty Ltd | 5.47% | 2,606,000 |

JBL substantial holders – JBL acquires 100% of BHD

| Substantial holder | Interest | Substantial holding |
|---|----------|---------------------|
| Stuart McAuliffe* | 9.95% | 5,944,992 |
| John McAuliffe** | 4.36% | 2,606,000 |
| Stuart Capital Pty Ltd | 12.87% | 7,685,551 |
| *The following substantial holders are duplicates, being the relevant interests of entities controlled by Stuart McAuliffe. These 5,944,992 shares are included in Stuart McAuliffe's substantial holding disclosure. | | |
| Substantial holder | Interest | Substantial holding |
| Henry Avery Partners Pty Ltd | 9.95% | 5,944,992 |
| John Hawkins Pty Ltd | 9.95% | 5,944,992 |
| **The following substantial holder is a duplicate, being the relevant interests of an entity controlled by John McAuliffe. These 2,606,000 shares are included in John McAuliffe's substantial holding disclosure. | | |
| Substantial holder | Interest | Substantial holding |
| Tetue Pty Ltd | 4.36% | 2,606,000 |

5.3 Rights and liabilities attached in the JBL Shares offered

- (a) The JBL Shares issued as consideration under the Share Offer will be fully paid and rank equally with existing JBL Shares from the date of their issue.
- (b) JBL Shares are quoted on NSX under the code 'JBL'. JBL's Securities are currently suspended from trading.

- (c) JBL will apply to NSX for quotation of the JBL Shares to be issued under the Share Offer on the official list of NSX. Quotation of the JBL Shares to be issued under the Share Offer will not be automatic but will depend on NSX exercising its discretion to admit the new JBL Shares to the official list. However, JBL is already admitted to the official list of NSX and shares in JBL in the same class or on the same terms as those to be issued under the Share Offer have previously been quoted.
- (d) The rights and restrictions attaching to the JBL Shares which will be issued as the consideration, or part of the consideration, under the Share Offer are primarily set out in the JBL constitution and in the Corporations Act and are subject to statutory, common law and NSX Listing Rule requirements.

5.4 Rights and liabilities attaching in the JBL Options offered

- (a) The terms of the JBL Options granted as consideration under the Option Offer are summarised in section 12.4.
- (b) JBL Options are quoted on NSX under the codes listed in section 5.5 and the new JBL Options issued under the Option Offer (if any) will be quoted on the terms of and under the code 'JBLOA'.
- (c) JBL will apply to NSX for quotation of the JBL Options to be issued under the Option Offer on the official list of NSX. Quotation of the JBL Options to be issued under the Option Offer will not be automatic but will depend on NSX exercising its discretion to admit the new JBL Options to the official list. However, JBL is already admitted to the official list of NSX and options in JBL in the same class or on the same terms as those to be issued under the Option Offer have previously been quoted.
- (d) The rights and restrictions attaching to the JBL Options which will be issued as the consideration, or part of the consideration, under the Option Offer are primarily set out in the JBL Constitution and in the Corporations Act and are subject to statutory, common law and NSX Listing Rule requirements.

5.5 JBL Options

The table below provides key details of JBL Options on issue as at the date of the Bidder's Statement.

| Option class | Grant date | Expiry date | Exercise price | Vested and exercisable |
|----------------------|-------------------|--------------------|-----------------------|-------------------------------|
| JBLOA listed options | Various | 31 March 2020 | \$1.10 | 16,376,300 |
| JBLOB listed options | 10 March 2015 | 31 March 2020 | \$1.20 | 1,452,500 |
| JBLOC listed options | 10 March 2015 | 31 March 2020 | \$1.50 | 1,540,000 |
| JBLOD listed options | 10 March 2015 | 31 March 2020 | \$2.20 | 2,240,000 |
| JBLOE listed options | 10 March 2015 | 31 March 2020 | \$3.50 | 2,240,000 |
| JBLOF listed options | 23 November 2017 | 23 November 2019 | \$2.05 | 337,720 |

5.6 Share Offer Consideration

The consideration for the acquisition of BHD Shares under the Share Offer is to be satisfied by the issue of JBL Shares. The Share Offer Consideration is 1 JBL Share for each BHD Share the BHD Shareholders own.

The amount of JBL Shares to be issued will depend on the number of BHD Shares that JBL acquires under the Share Offer.

The calculations in this section on the maximum consideration to be paid by JBL assume that, as a result of the Share Offer, JBL acquires all BHD Shares on issue at the date of this Bidder's Statement.

5.7 Option Offer Consideration

The consideration for the acquisition of BHD Options under the Option Offer is to be satisfied by the grant of JBL Options. The Option Offer Consideration is 0.50 JBL Options for each BHD Option the BHD Optionholders own.

The amount of JBL Options to be issued will depend on the number of BHD Options that JBL acquires under the Option Offer.

The calculations in this section on the maximum consideration to be paid by JBL assume that, as a result of the Option Offer, JBL acquires all BHD Options on issue at the date of this Bidder's Statement.

5.8 Maximum number of JBL Shares

The maximum number of JBL Shares which are required to be issued under the Share Offer if acceptances are received for all the BHD Shares on issue at the date of this Bidder's Statement is approximately 24,109,882 (excluding rounding adjustments).

While not anticipated, if all BHD Optionholders convert their BHD Options into BHD Shares before the end of the Offer Period and accept the Share Offer, an additional 40,784,738 JBL Shares would be required to be issued (excluding rounding adjustments).

JBL Shares issued under the Share Offer are exempt from NSX Listing Rule 6.25(1) (which prohibits issues exceeding 15 percent of a company's share capital in any 12 month period). Accordingly, JBL has the capacity to issue the maximum number of JBL Shares that may be required under the Share Offer.

5.9 Maximum number of JBL Options

The maximum number of JBL Options which are required to be issued under the Option Offer if acceptances are received for all the BHD Options on issue at the date of this Bidder's Statement is approximately 7,414,090 (excluding rounding adjustments).

The maximum number of JBL Options is determined on the basis that no BHD Optionholder converts their BHD Options into BHD Shares before the end of the Offer Period.

6 Profile of BHD

6.1 Disclaimer

The following information on BHD has been prepared by JBL using publicly available information. To the extent that JBL does not have knowledge or access to this information in its capacity as investment manager of BHD, JBL does not, subject to the Corporations Act, make any representation or warranty, express or implied, as to the accuracy or completeness of this information.

The information on BHD in this Bidder's Statement should not be considered comprehensive.

In addition, the Corporations Act requires BHD to provide a Target's Statement to BHD Shareholders in response to this Bidder's Statement, setting out certain material information concerning BHD.

6.2 Overview

BHD is an ASX listed investment company.

BHD seeks to increase the value of its portfolio by allocating capital to investments in which its investment manager has the highest conviction. It also aims to provide investors with exposure to global markets as well as domestic investment opportunities in the listed and unlisted sectors, investing in various financial products, including listed and unlisted equities, cash and cash-like investments, derivatives, currencies and structured products.

BHD's current investment portfolio includes investments in global FX notes and a global macro portfolio with an approximate average monthly turnover of \$2.74 billion nominal value in futures contracts. The futures component of BHD's investment portfolio changes on a daily basis and often intraday. By way of example, position trends such as the GBP/USD, China A-50 shares, USD/AUD, NASDAQ, Eurostoxx, US 10yr Bonds, Bunds and Emerging Market Currencies are some of the positions that are regularly traded.

For the financial year to date, BHD has had average daily holdings of \$18.997 million nominal value in futures contracts across the equities, currencies, bonds and commodities sectors.

6.3 Directors and senior management

Mr Stuart McAuliffe – Executive Director and Chairman

Refer to section 4.4.

Mr McAuliffe has also been a Director of JBL since 8 January 2015 and a director of HML since 26 September 2014.

Mr Peter Aardoom – Non-Executive Director

Peter is a highly skilled and experienced financial markets executive. He has excellent technical skills and in-depth knowledge of equity, debt, commodity, foreign exchange and fixed income markets. He has held multiple senior positions with some of the largest international financial services companies in the world, including Lehman Brothers, Jardine Fleming and MF Global, and has built and managed successful and professional teams within these organisations.

Peter has over 30 years' experience in Australian and international equity and derivatives broking and trading, portfolio management, general corporate and financial advisory services and company promotion.

He is RG146 qualified to give advice on securities, derivatives, managed funds and foreign exchange and holds various UK industry qualifications. His extensive network provides access to fund managers, institutions, local and international broking firms and high net worth individuals. His experience extends to institutional investor presentations, marketing, and promotion.

Mr Bryan Cook – Non-Executive Director

Bryan has extensive operational, leadership and strategic experience built over 24 years in private and public companies. He has a track record of implementing tailored and robust compliance cultures across a range of different environments.

Bryan holds qualifications in investigations, human resources and training, and is a member of, amongst others, the Institute of Public Administration Australia and the Corruption Prevention Network Queensland.

Mr Kevin Mischewski – Co-Company Secretary

Refer to section 4.4.

Ms Jody Wright – Co-Company Secretary

Refer to section 4.4.

6.4 BHD requisition

JBL notes that the directors of BHD as set out in section 6.3 above are the subject of a notice of requisition under section 249F of the Corporations Act dated 21 March 2019, which provides that shareholders of BHD holding at least 5% of the BHD Shares on issue (**S.249F Requisitioning Shareholders**)¹⁰ intend to call a meeting of BHD Shareholders. At that meeting, BHD Shareholders may vote upon the resolutions proposed by the S.249F Requisitioning Shareholders, which include:

- (a) the removal of the directors of BHD set out in section 6.3 above; and
- (b) the appointment of directors nominated by the S.249F Requisitioning Shareholders.

JBL further notes that BHD announced on 26 April 2019 that it had received a notice under section 249D of the Corporations Act from shareholders of BHD¹¹ (**S.249D Requisitioning Shareholders**), requesting the directors to call and arrange to hold a meeting of members to consider resolutions that would:

- (a) remove the directors of BHD set out in section 6.3 above; and
- (b) appoint directors nominated by the S.249D Requisitioning Shareholders.

JBL understands that notices of meeting will be issued in respect of these meetings in due course.

6.5 Financial profile of BHD

The financial position for BHD for the year ended 30 June 2018 as contained in BHD's Annual Report for the year ended 30 June 2018, was lodged with ASX on 1 October 2018.

BHD's financial position as at 30 June 2018 can be summarised as follows:

- (a) Total assets of \$18,268,540.

¹⁰ The S.249F Requisitioning Shareholders are GM Enterprises Australia Pty Ltd ACN 066 912 427 as trustee for GTM Super Fund and Victor John Plummer.

¹¹ The 63 S.249D Requisitioning Shareholders are included in BHD's ASX announcement dated 26 April 2019.

- (b) Net assets of \$17,865,549.
- (c) Cash and cash equivalents net of debt of \$1,121,247.

For the year ended 30 June 2018, the following results were recorded:

- (d) Revenues of \$638,516.
- (e) Net loss of \$2,993,948.

The financial position for BHD for the half-year ended 31 December 2018, as contained in BHD's financial reports for the period ended 31 December 2018, was lodged with ASX on 28 February 2019.

BHD's financial position as at 31 December 2018 can be summarised as follows:

- (a) Total assets of \$16,225,055.
- (b) Net assets of \$15,963,081.
- (c) Cash and cash equivalents net of debt of \$2,833,570.

For the half-year ended 31 December 2018, the following results were recorded:

- (d) Revenues of -\$508,596.
- (e) Net loss of \$1,902,469.

Important note on sources of information

JBL has relied on the information in financial reports issued by BHD to prepare the financial information for BHD contained in this Bidder's Statement. Financial information relating to BHD has been sourced from its audited financial reports for the years ended 30 June 2017 and 30 June 2018.

JBL does not, except as required by law, make any representation or warranty, express or implied, as to the accuracy or completeness of this information.

6.6 Publicly available information

BHD is a company listed on ASX and is subject to the periodic and continuous disclosure requirements of the ASX Listing Rules and the Corporations Act. A substantial amount of information on BHD is publicly available and may be accessed by referring to BHD on www.asx.com.au.

6.7 Further information

Further information about BHD can be found on BHD's website: www.benjaminhornigold.com.au.

6.8 Recent price performance of BHD Shares

BHD Shares are quoted on ASX under the code BHD.

Trading in BHD Shares was suspended on 30 July 2018. The price at which BHD Shares were last traded on market was \$0.71 per share.

7 Profile of Merged Group

7.1 Introduction

The profile of the Merged Group will vary depending on the outcome of the Offer.

Unless otherwise indicated, the description of the Merged Group in this section 7 assumes that BHD is a wholly-owned subsidiary of JBL. If JBL is not entitled to compulsorily acquire BHD Shares and BHD Options during the Offer Period, some of the benefits that would otherwise accrue to JBL if BHD were to become a wholly-owned subsidiary of JBL may not be fully realised.

7.2 Overview of the Merged Group

The Merged Group would be publicly listed on the NSX.

Following the acquisition of some or all of the BHD Shares and BHD Options, JBL intends to continue to act as investment manager for those companies and other funds which it manages.

BHD's investments are intended to continue to be managed by JBL under the current management services agreement.

7.3 Pro forma balance sheets

Summary of information

The information included below is pro forma financial information for the Merged Group comprising JBL and BHD as at 31 December 2018 and assuming two scenarios, being:

- (a) first, that JBL acquires 100 percent of BHD; and
- (b) second, that JBL acquires 50.1 percent of BHD.

The unaudited pro forma combined balance sheets of the Merged Group as at 31 December 2018 (each a **Pro Forma Balance Sheet**) presented below have been produced with reference to the auditor-reviewed financial reports for JBL and BHD as at 31 December 2018, adjusted to account for subsequent events deemed material to the Merged Group. Because these Pro Forma Balance Sheets have been prepared with reference to the auditor-reviewed financial reports as at 31 December 2018, they do not include the accounts of HML. HML's accounts are anticipated to be consolidated into JBL's consolidated group accounts by the end of the financial year ending 30 June 2019.

The financial information reflects the latest publicly available information for BHD that is capable of being compared.

The two Pro Forma Balance Sheets reflect the anticipated balance sheet for the Merged Group on a consolidated basis.

No adjustments for potential synergy benefits have been included as the exact timing and amount of those benefits cannot be reliably estimated. However, the Pro Forma Balance Sheets do reflect the issue of new JBL Shares to BHD Shareholders and new JBL Options to BHD Optionholders, and other adjustments required as a result of this Share Offer and this Option Offer.

The Pro Forma Balance Sheets are for illustrative purposes only and are based on numerous assumptions that may or may not reflect the actual financial position of the Merged Group after completion of the Offers. In addition, the Pro Forma Balance Sheets are presented in a summary format and do not contain all the disclosures required under the Corporations Act.

Financial information relating to BHD has been sourced from BHD's auditor-reviewed financial reports for the half-year ended 31 December 2018.

To the extent that it does not have knowledge or access to this information in its capacity as investment manager of BHD, JBL does not, except as required by law, make any representation or warranty, express or implied, as to the accuracy or completeness of this information.

The pro forma financial information presented in this section should also be read in conjunction with the risks set out in section 9, other information contained in this Bidder's Statement and the accounting policies of JBL and BHD as disclosed in their most recent financial reports.

No forward looking financial statements

This document does not provide revenue or profit projections for the Merged Group. JBL does not believe that it has reasonable grounds to include revenue or profit forecasts in this Bidder's Statement. JBL believes that the inclusion of revenue or profit forecasts would be unduly speculative and potentially misleading for BHD Shareholders and/or BHD Optionholders.

Pro Forma Consolidated Balance Sheet assuming JBL acquires 100% of BHD

| | John Bridgeman Limited (JBL) | Benjamin Hornigold Limited (BHD) | Consolidation entries | | | | | John Bridgeman Limited (JBL) |
|---|------------------------------------|---|--|-----------------------------|-----------------------------|------------------------------|-----------------------------------|--|
| | Pre-acquisition consolidated BS | | JBL Capital issued on purchase of BHD | JBL investment in BHD | BHD investment in JBL | Intercompany transactions | Foreign currency bank notes | Post- acquisition consolidated BS |
| | 31 Dec 2018 | | | | | | | 31 Dec 2018 |
| Assets | | | | | | | | |
| Current assets | | | | | | | | |
| Cash and cash equivalents | 19,359,871 | 2,833,570 | | | | | | 22,193,441 |
| Trade and other receivables | 2,850,298 | | | | | (147,956) | | 2,702,342 |
| Balances held with brokers | 2,464,596 | 107,955 | | | | | | 2,572,551 |
| Inventory | 45,999 | | | | | | | 45,999 |
| Derivative financial assets | 42,520 | 32,386 | | | | | | 74,906 |
| Term deposits | 732,833 | | | | | | | 732,833 |
| Purchased debt ledgers | 147,026 | | | | | | | 147,026 |
| Other current assets | 1,083,863 | 1,003,981 | | | | (977,314) | | 1,110,530 |
| Total current assets | 26,727,006 | 3,977,892 | | | | | | 29,579,628 |
| Non-current assets | | | | | | | | |
| Investment in subsidiary | - | | 15,933,106 | (15,933,106) | | | | 0 |
| Investments at fair value through profit and loss | 3,570,191 | 4,262,531 | | (37,004) | (25,800) | (2,412,301) | (1,824,430) | 3,533,187 |
| Property, plant and equipment | 5,320,403 | | | | | | | 5,320,403 |
| Intangibles | 42,798,044 | | | | | | | 42,798,044 |
| Deferred tax | 8,975,614 | 2,439,724 | | | | | | 11,415,338 |
| Purchased debt ledgers | 348,624 | | | | | | | 348,624 |
| Security deposits | 887,749 | | | | | | | 887,749 |
| Loans & other receivables | - | 5,544,908 | | | | (5,504,620) | | 40,288 |
| Total non-current assets | 61,900,625 | 12,247,163 | | | | | | 64,343,633 |
| Total assets | 88,627,631 | 16,225,055 | | | | | | 93,923,261 |
| Liabilities | | | | | | | | |
| Current liabilities | | | | | | | | |
| Trade and other payables | 18,785,362 | 258,733 | | | | (290,947) | (1,824,430) | 16,928,718 |
| Borrowings | 3,530,121 | | | | | (834,323) | | 2,695,798 |
| Income tax | 587,613 | (2,732) | | | | | | 584,881 |
| Provisions | 1,018,149 | | | | | | | 1,018,149 |
| Total current liabilities | 23,921,245 | 256,001 | | | | | | 21,227,546 |
| Non-current liabilities | | | | | | | | |
| Payables | 265,255 | | | | | | | 265,255 |
| Borrowings | 21,577,203 | | | | | (7,916,921) | | 13,660,282 |
| Derivative financial instruments | 556,079 | 5,973 | | | | | | 562,052 |
| Deferred tax | 2,659,495 | | | | | | | 2,659,495 |
| Provisions | 676,625 | | | | | | | 676,625 |
| Total non-current liabilities | 25,734,657 | 5,973 | | | | | | 17,823,709 |

| | | | | | | |
|-----------------------------------|--------------|-------------|-------------|--------------|----------|--------------|
| Total liabilities | 49,655,902 | 261,974 | | | | 39,051,255 |
| Net assets | 38,971,729 | 15,963,081 | | | | 54,872,006 |
| Equity | | | | | | |
| Issued capital | 20,875,481 | 23,528,129 | 21,309,065 | (23,528,129) | (25,800) | 42,158,746 |
| Reserves | (10,263,130) | | | (7,029) | | (10,270,159) |
| Accumulated losses | (8,226,750) | (7,565,048) | (5,375,959) | 7,565,048 | | (13,602,709) |
| Equity attributable to the owners | 2,385,601 | 15,963,081 | | | | 18,285,878 |
| Non-controlling interest | 36,586,128 | - | | | | 36,586,128 |
| Total equity | 38,971,729 | 15,963,081 | | | | 54,872,006 |

Pro Forma Consolidated Balance Sheet assuming JBL acquires 50.1% of BHD

| | John Bridgeman Limited (JBL) | Benjamin Hornigold Limited (BHD) | Consolidation entries | | | | John Bridgeman Limited (JBL) | |
|---|------------------------------------|--|--|-----------------------------|-----------------------------|------------------------------|-----------------------------------|-------------------------------------|
| | Pre-acquisition consolidated BS | | JBL Capital issued on purchase of BHD | JBL investment in BHD | BHD investment in JBL | Intercompany transactions | Foreign currency bank notes | Post-acquisition consolidated BS |
| | 31 Dec 2018 | | | | | | 31 Dec 2018 | |
| Assets | | | | | | | | |
| Current assets | | | | | | | | |
| Cash and cash equivalents | 19,359,871 | 2,833,570 | | | | | 22,193,441 | |
| Trade and other receivables | 2,850,298 | | | | | (147,956) | 2,702,342 | |
| Balances held with brokers | 2,464,596 | 107,955 | | | | | 2,572,551 | |
| Inventory | 45,999 | | | | | | 45,999 | |
| Derivative financial assets | 42,520 | 32,386 | | | | | 74,906 | |
| Term deposits | 732,833 | | | | | | 732,833 | |
| Purchased debt ledgers | 147,026 | | | | | | 147,026 | |
| Other current assets | 1,083,863 | 1,003,981 | | | | (977,314) | 1,110,530 | |
| Total current assets | 26,727,006 | 3,977,892 | | | | | 29,579,628 | |
| Non-current assets | | | | | | | | |
| Investment in subsidiary | - | | 7,982,486 | (7,982,486) | | | 0 | |
| Investments at fair value through profit and loss | 3,570,191 | 4,262,531 | | (37,004) | (25,800) | (2,412,301) | (1,824,430) | 3,533,187 |
| Property, plant and equipment | 5,320,403 | | | | | | | 5,320,403 |
| Intangibles | 42,798,044 | | | | | | | 42,798,044 |
| Deferred tax | 8,975,614 | 2,439,724 | | | | | | 11,415,338 |
| Purchased debt ledgers | 348,624 | | | | | | | 348,624 |
| Security deposits | 887,749 | | | | | | | 887,749 |
| Loans & other receivables | - | 5,544,908 | | | | (5,504,620) | | 40,288 |
| Total non-current assets | 61,900,625 | 12,247,163 | | | | | | 64,343,633 |
| Total assets | 88,627,631 | 16,225,055 | | | | | | 93,923,261 |
| Liabilities | | | | | | | | |
| Current liabilities | | | | | | | | |
| Trade and other payables | 18,785,362 | 258,733 | | | | (290,947) | (1,824,430) | 16,928,718 |
| Borrowings | 3,530,121 | | | | | (834,323) | | 2,695,798 |
| Income tax | 587,613 | (2,732) | | | | | | 584,881 |
| Provisions | 1,018,149 | | | | | | | 1,018,149 |
| Total current liabilities | 23,921,245 | 256,001 | | | | | | 21,227,546 |
| Non-current liabilities | | | | | | | | |
| Payables | 265,255 | | | | | | | 265,255 |
| Borrowings | 21,577,203 | | | | | (7,916,921) | | 13,660,282 |
| Derivative financial instruments | 556,079 | 5,973 | | | | | | 562,052 |
| Deferred tax | 2,659,495 | | | | | | | 2,659,495 |
| Provisions | 676,625 | | | | | | | 676,625 |
| Total non-current liabilities | 25,734,657 | 5,973 | | | | | | 17,823,709 |

| | | | | | | |
|-----------------------------------|--------------|-------------|-------------|--------------|----------|--------------|
| Total liabilities | 49,655,902 | 261,974 | | | | 39,051,255 |
| Net assets | 38,971,729 | 15,963,081 | | | | 54,872,006 |
| Equity | | | | | | |
| Issued capital | 20,875,481 | 23,528,129 | 10,655,837 | (23,528,129) | (25,800) | 31,505,518 |
| Reserves | (10,263,130) | | | 15,018 | | (10,248,112) |
| Accumulated losses | (8,226,750) | (7,565,048) | (2,673,351) | 7,528,044 | | (10,937,105) |
| Equity attributable to the owners | 2,385,601 | 15,963,081 | | | | 10,320,300 |
| Non-controlling interest | 36,586,128 | - | | 7,965,577 | | 44,551,705 |
| Total equity | 38,971,729 | 15,963,081 | | | | 54,872,006 |

7.4 Pro forma adjustments and transaction assumptions

The following key assumptions have been made in producing each Pro Forma Balance Sheet:

General

The pro forma information has been prepared in accordance with the Australian Accounting Standards Board (**AASB**) and also complies with International Financial Reporting Standards, reflecting the accounting policies of JBL. It has not been audited.

The pro forma information has been prepared by aggregating the balance sheets of JBL and BHD as at 31 December 2018.

The pro forma information excludes the impact of general trading and other non-recurring transactions which have occurred since 31 December 2018, but are not considered to materially impact the financial position presented in the Pro Forma Balance Sheets.

Non-controlling interest calculation

In relation to the non-controlling interest (**NCI**) calculation, the NCI from the pro forma consolidated balance sheets as at 31 December 2018 will depend on the level of acceptances under the Offers. This will be able to be calculated only upon completion of the Offers.

BHD acquisition

Financial information about BHD has been obtained from publicly available sources. JBL is not aware of any events subsequent to the BHD half-year balance date of 31 December 2018 which would materially alter the Pro Forma Balance Sheets.

The Pro Forma Balance Sheets assume the acquisition of BHD by JBL had been completed by that date. The actual date of the acquisition will be at a later date. AASB 3 'Business Combinations' states that the acquirer shall, at the acquisition date, allocate the cost of a business combination by recognising the acquiree's identifiable assets, liabilities and contingent liabilities that satisfy the recognition criteria at their fair values at that date. Accordingly, JBL will assess the fair value of identifiable net assets of BHD on completion of the acquisition.

The Pro Forma Balance Sheets are based on the assumption that the fair value of assets (other than intangible assets) and liabilities of BHD are equal to their book value. A full purchase price allocation exercise will be undertaken post acquisition, and the fair value of the assets will be more accurately assessed at that time. This will not impact on the valuation of the business, but may impact the classification between tangible, identifiable intangible assets and goodwill.

Identifiable intangible assets recognised on acquisition may need to be amortised over the period of their economic benefit to the Merged Group and those amortisation charges will reduce future reported earnings.

The accounting policies of JBL and BHD are similar and consistent in all material aspects.

Deferred tax assets and deferred tax liabilities have been calculated by assuming that:

- (a) JBL will acquire 100% of BHD, and BHD will join the JBL tax consolidated group;
- (b) JBL will be entitled to an income tax deduction for tax losses transferred from BHD to JBL on acquisition, subject to the available fraction method; and
- (c) JBL will recognise a deferred tax asset for BHD's existing tax losses (approximately \$4,728,730, resulting in a deferred tax asset of approximately \$1,418,619).

7.5 Prospective financial information of the Merged Group

JBL has given careful consideration as to whether a reasonable basis exists to produce reliable and meaningful forecast financial information on the Merged Group. The board of directors of JBL has concluded that providing forecast financial information would be misleading. A reasonable basis does not exist for producing forecasts that would be sufficiently meaningful and reliable, particularly considering the effect that variations in key inputs may have on future earnings performance.

8 JBL's intentions

8.1 Introduction and important note

This section sets out JBL's current intentions for:

- (a) the continuation of BHD's business;
- (b) any major changes to be made to BHD's business, including any redeployment of the fixed assets of BHD; and
- (c) the future engagement of the present board and executive team of BHD.

JBL's current intentions for BHD have been formed following a review of facts, information and circumstances about BHD that were either publicly available at the date of this Bidder's Statement or provided by BHD during the course of limited due diligence enquiries. Statements set out in this section are statements of current intention only which may change as new information becomes available or circumstances change.

Following the close of the Offers, it is JBL's intention to undertake a further detailed review of the operations, assets, structure and employees of BHD. The objective of the detailed review will be to:

- (a) evaluate the performance, prospects and strategic relevance of the BHD business and assets to JBL;
- (b) consider whether to realise any of BHD's investments and make a return of capital;
- (c) explore other investment strategies for BHD; and
- (d) make appropriate provisions for any of BHD's ongoing liabilities.

This review may result in the modification or curtailment of some of BHD's existing projects and activities.

Only upon completion of the detailed review, and in light of all material facts and circumstances will JBL finally determine its intentions for BHD and will take the action as it considers desirable to achieve optimum integration and synergies.

8.2 Intentions upon acquisition of 90 percent or more of BHD Shares and/or BHD Options

This section sets out JBL's current intentions if it acquires 90 percent or more of the BHD Shares (in relation to the Share Offer) and/or BHD Options (in relation to the Option Offer) and is entitled to proceed to compulsory acquisition of the outstanding BHD Shares and/or BHD Options.

Compulsory acquisition

If it becomes entitled to do so in respect of the Option Offer, JBL intends to compulsorily acquire any outstanding BHD Options under section 661B Corporations Act.

If it becomes entitled to do so in respect of the Share Offer, JBL intends to compulsorily acquire any outstanding BHD Shares under section 661B Corporations Act. In those circumstances, JBL is also entitled to acquire BHD Shares issued after the Share Offer closes but before the compulsory acquisition notice is given (under section 661A(4)(b) Corporations Act) and on exercise of the BHD Options, up to six weeks after the notices are given (under section 661A(4)(c) Corporations Act).

JBL also has the right, under part 6A.2 Corporations Act, to seek to compulsorily acquire any of the BHD Options which it has not acquired or have not been exercised if JBL:

- (a) achieves 90 percent voting power in BHD; and
- (b) holds full beneficial interests in at least 90 percent by value of all securities of BHD that are either BHD Shares or convertible into BHD Shares.

If there are any BHD Options outstanding, JBL intends to compulsorily acquire those BHD Options to the extent that it is able to do so.

Amend BHD constitution

JBL intends to amend the constitution of BHD to reflect its status as a wholly-owned subsidiary of JBL and will seek to convert BHD from a public company to a proprietary company.

ASX listing

After conclusion of the compulsory acquisition process, JBL intends to procure that BHD be removed from the official list of ASX.

Directors

JBL intends to replace all members of the BHD Board and of the board of any company on which BHD has nominee directors with JBL nominee directors.

Those nominees have not yet been identified by JBL. Profiles for each of the Directors of JBL are set out in section 4.4.

Operations

Based on information available to JBL, BHD has no fixed assets. In terms of BHD's operations, JBL intends to:

- (a) evaluate the performance, prospects and strategic relevance of BHD investments to JBL;
- (b) consider whether to realise any of BHD's investments and make a return of capital;
- (c) explore other investment strategies for BHD; and
- (d) make appropriate provisions for any of BHD's ongoing liabilities.

Employees

Based upon information available to JBL, BHD has no employees.

8.3 Intentions upon acquisition of between 50 percent and 90 percent of BHD Shares and/or BHD Options

This section sets out JBL's current intentions if, by virtue of acceptance of the Offers, it was to gain effective control of BHD but was not entitled to proceed to compulsory acquisition of the outstanding BHD Shares and/or BHD Options. In such circumstances, JBL (subject to the requirements of the Corporations Act and the ASX Listing Rules):

- (a) would have control of a voting majority in BHD;
- (b) would have the power to pass or block ordinary resolutions;
- (c) would have the power to block special resolutions; and

- (d) as a result of the above, would be in a position to control the composition of BHD's board.

Compulsory acquisition

If JBL does not become entitled to compulsorily acquire BHD Shares and/or BHD Options under section 661B Corporations Act, it may nevertheless become entitled to exercise the general compulsory acquisition power under part 6A.2 Corporations Act in the future. JBL intends to exercise that power over the BHD Shares and/or BHD Options if it becomes entitled to do so.

ASX listing

ASX guidance indicates that ASX would likely approve an application for BHD to be removed from the official list of ASX without the need for shareholder approval if an application is made within a month of the end of the Offer Period if:

- (a) at the end of the Share Offer, JBL owns or controls at least 75% of the BHD Shares and the Share Offer remained open for at least two weeks after JBL attained ownership or control of at least 75% of the BHD Shares; and
- (b) the number of BHD Shareholders (other than JBL) having holdings with a value of at least \$500 is fewer than 150.

In addition, ASX guidance indicates that ASX would likely approve an application for BHD to be removed from the official list of ASX with shareholder approval, and where such removal is sought later than 12 months after the close of the Share Offer, JBL would be entitled to vote on the resolution approving the removal. JBL intends to apply to ASX for BHD to be removed from the official list of the ASX if it is able to make such an application to the ASX and it is approved.

8.4 Directors

Depending on the level of ownership achieved, it is JBL's intention to replace some of the members of the BHD Board (and the board of any company on which BHD has nominee directors) with JBL nominee directors.

8.5 Intentions generally (including about matters at section 8.2 above)

If, following the close of the Offers, BHD becomes a controlled entity but not a wholly owned subsidiary of JBL, it is the present intention of JBL to procure that the new BHD Board implements the objectives and goals outlined in section 8.2 to the extent possible and appropriate.

8.6 Limitations on intentions

To the extent that BHD is not a wholly owned subsidiary of JBL and there are minority shareholders of BHD, JBL intends to ensure that any JBL nominees appointed to the board of BHD will act at all times in accordance with their fiduciary duties and that all requisite shareholder approvals and other legal requirements are complied with in pursuing any of the intentions outlined above.

The requirement to have regard to those fiduciary duties in the context of a partly owned company and the possible requirements of minority shareholder approval may prevent the particular objective being achieved.

8.7 Intentions upon acquisition of less than 50 percent of BHD Shares and/or BHD Options

JBL will endeavour to implement its intentions as it has outlined in section 8.3 to the extent to which it is able to do so, subject to the limitations identified in section 8.3.

8.8 Intentions generally

Except for the changes and intentions set out in this section 8, JBL intends, based on the information presently known to it:

- (a) to continue the business of BHD; and
- (b) not to make any major changes to the business of BHD.

9 Risks

Before deciding whether to accept the Share Offer and/or the Option Offer, you should read this entire Bidder's Statement carefully.

BHD Shareholders will receive JBL Shares as consideration under the Share Offer and BHD Optionholders will receive JBL Options as consideration under the Option Offer. The value of JBL Shares will depend on the future performance of JBL and the market price of JBL Shares from time to time. The future performance of JBL may be influenced by factors associated with investing in both the Investment Management industry and listed securities generally which are beyond the control of JBL.

BHD Securityholders should be aware of the following key risks that may affect the performance of the Merged Group and the value of JBL Shares issued as the Share Offer Consideration and the value of JBL Options issued as the Option Offer Consideration.

9.1 General risks

The price at which JBL Shares trade on NSX may be determined by a range of factors including movements in local and international equity and bond markets, general investor sentiment in those markets, inflation, interest rates, general economic conditions and outlooks and changes in the supply of, and demand for, Investment Management industry securities.

The market for JBL Shares may also be affected by a wide variety of events and factors including variations in JBL's operating results, recommendations by securities analysts, and the operating and trading price performance of other listed Investment Management industry entities that investors consider to be comparable to JBL. Some of these factors could affect JBL's share price regardless of JBL's underlying operating performance.

9.2 Specific business risks associated with JBL

Set out below are examples of risks associated with JBL. In determining these risks, the Directors have concentrated on risks attaching specifically to an investment in JBL as compared to risks of the Investment Management industry and BHD, to which BHD Securityholders are already exposed.

Funding risk

JBL may need additional funding to undertake its activities in the future. There can be no guarantee that JBL is able to source funding on commercially-acceptable terms.

Manager risk

There is a risk that JBL will not be able to achieve its objective as investment manager of the entities for which it acts in this capacity. Its ability to do so will depend on a range of factors, including its portfolio selection, the skills of JBL's Chief Investment Officer, the timing of investment strategies and the actual performance of investments.

Dependence on key personnel

JBL depends on the talent and experience of its Personnel as its primary asset. There may be a negative impact on JBL if any of its key Personnel leave. It may be difficult to replace them, or to do so in a timely manner or at comparable expense. Additionally, any key Personnel of JBL who leave to work for a competitor may adversely impact JBL.

In summary, JBL's ability to attract and retain Personnel will have a direct correlation upon its ability to deliver its project commitments and achieve forecast revenues. Additionally, increases

in recruitment, wages and contractor costs may adversely impact upon the financial performance of JBL.

Liquidity

In addition to seeking the reinstatement of JBL Securities to trading by NSX, the level of liquidity on the NSX market has the potential to be lower than on larger, established markets. As a result, the number of investors willing to buy and sell securities quickly at any particular time is potentially less than other markets, such as ASX.

As at the date of this document, JBL has 440 shareholders.

Historically, JBL Shares have traded as follows:

| Period | Number of shares | VWAP for the Period |
|---|------------------|---------------------|
| January to June 2016 | 8,000 | \$1.36 |
| July to December 2016 | 687,000 | \$1.52 |
| January to June 2017 | 296,500 | \$2.26 |
| July to December 2017 | 51,000 | \$2.06 |
| January to June 2018 | 15,750 | \$2.00 |
| July to December 2018 | 481,761 | \$1.56 |
| January 2019 to the date of this Bidder's Statement | 0 | - |

Historical performance is not necessarily an indicator of future performance.

Depending on the level of acceptances under the Share Offer, the level of trading in JBL securities may or may not be affected.

JBL considers that the larger combined shareholder base of JBL and former BHD Shareholders and BHD Optionholders, in addition to the larger market capitalisation of JBL following the successful completion of the Offers, will provide for increased liquidity in JBL Shares.

Financial market volatility

A fall in global or local equity markets, global or local bond markets or lack of change in the value of the Australia dollar against other major currencies may discourage investors from moving money into or out of equity markets. This may have a negative effect on the price at which Shares and Options trade and the value of JBL's assets.

Derivatives Risk

Risks associated with using derivatives include the value of the derivative failing to move in line with the underlying asset, potential illiquidity of the derivative, JBL not being able to meet payment obligations as they arise, regulatory risk and counterparty risk (this is where the counterparty to the derivative contract cannot meet its obligations under the contract). JBL employs derivatives for investment, hedging, leverage and investment implementation and exit purposes.

General risks such as liquidity and counterparty or market risks can be magnified by the use of derivatives because of the leverage effect they exert on JBL. JBL manages this risk by maintaining adequate cash and physical asset cover for derivative positions and also by regularly monitoring derivative positions and only entering into transactions with reputable counterparties via recognised exchanges where possible. If JBL enters into any derivative transaction with any other counterparty, it will seek to ensure the counterparty is creditworthy and viable.

JBL will predominately employ exchange-traded derivatives, but may use over the counter derivatives if considered appropriate and prudent.

Short Selling Risk

JBL does not engage in short-selling physical assets but may hold short futures positions. In taking short positions, JBL bears the risk of an increase in price of the underlying investment over which the short position is taken. Such an increase could lead to a substantial loss.

Dependence on Key Contracts

In the event the investment management agreements with BHD, HML, Bartholomew Roberts or JB High Alpha Fund were terminated, this would have a material detrimental effect on the income of JBL. In these circumstances, the Board of JBL would assess alternate options including investment of JBL's own capital directly in global markets, seeking other investment mandates or returning cash to Shareholders if that was in the best interests of Shareholders. The material terms of those agreements are summarised in section 4.2.

Manager Risk

There is no guarantee that JBL will achieve its performance objectives, produce returns that are positive, or compare favourably against its peers. Many factors can negatively impact JBL's ability to generate returns from its investment process (for example, loss of key Personnel). There is significant competition among quantitative investment managers and JBL's ability to deliver returns that have a low correlation with global aggregate equity markets and other market participants is dependent on its ability to employ an investment system that is simultaneously profitable and differentiated from those employed by other managers. To the extent that JBL is not able to develop a sufficiently differentiated investment system, JBL's investment objectives may not be met. The growth in assets managed in accordance with similar investment strategies may result in JBL and other market participants inadvertently buying and selling the same or similar investments simultaneously, which may reduce liquidity and exacerbate market movements. JBL may then be subject to an increased risk of suffering substantial losses.

In addition, performance and management fees generated by JBL as an investment manager comprise a significant portion of the revenue generated by JBL. If JBL is unable to generate sufficient performance and management fees under its investment management agreements, or these agreements are terminated, this is likely to have a material adverse effect on JBL.

BHD Securityholders should also be aware that the most recent audit opinions of JBL and JB Financial Group refer to a material uncertainty regarding going concern. Refer to sections 4.3 and 4.5 of this document.

Investment risk

JBL may invest in companies with a limited trading history or which are unlisted. JBL's current investment portfolio is heavily focused on investments in unlisted companies, which may mean that achieving a return on investment is more difficult than obtaining a return on investments in larger capitalised or listed companies. For example, prior to completion of the HML Offer, JBL's investment in JB Financial Group constituted approximately 40% of JBL's investment portfolio. Following completion of the HML Offer, it is estimated that JBL's investment in JB Financial Group will constitute approximately 28% of JBL's investment portfolio. JB Financial Group is unlisted, and its business divisions comprise businesses within the financial services industry. While risk management and due diligence procedures can minimise these risks, they may be material and significant.

Concentration Risk

Concentration risk is the risk that poor performance in a particular market may significantly affect JBL. Although JBL can invest in many markets at any given time, it may only be invested in a small number of markets. Generally, the fewer markets in which JBL invests, the greater the

overall volatility of JBL. This may result in large movements in the Share price of JBL within short periods of time.

In addition, prior to completion of the HML Offer, JBL's investment in JB Financial Group constituted approximately 40% of JBL's investment portfolio. Following completion of the HML Offer, it is estimated that JBL's investment in JB Financial Group will constitute approximately 28% of JBL's investment portfolio. JB Financial Group is unlisted, and its business divisions comprise businesses within the financial services industry. This concentrates risk on the financial services industry.

Risks associated with the retail food industry

As indicated in this document, JBL has invested approximately \$14 million in Bartholomew Roberts Pty Ltd. Bartholomew Roberts' investment portfolio includes an investment in companies operating in the retail food industry, which own two global franchise brands for the Australian and New Zealand territories: Johnny Rockets and Wingstop.

There are various risks associated with an investment in the retail food industry. These include risks relating to:

- concentration risk: if similar restaurants or food and beverage stores are located in a nearby area, there is a risk that these brands will not generate as much revenue as planned;
- property risk: the price of real estate may rise and fall, having an impact on a franchisee's ability to purchase or lease suitable premises at an affordable price;
- market disruptors (in particular in the form of delivery aggregators) may make it difficult to achieve forecast development of stores;
- rising inflationary costs may place pressure on the business, due to landlord rents, labour and electricity costs; and
- there is a risk that additional capital expenditure and funding will be required to roll out the development plan.

Foreign Exchange Risk

The investments of JBL may include overseas investments that will be subject to exchange rate volatility, which will generally not be hedged by JBL. There is a risk that adverse movements in exchange rates could reduce the value of the assets of JBL.

Default Risk

Issuers or entities upon which JBL's investments depend may default on their obligations, for instance by failing to make a payment when due. Such parties can include futures exchanges, derivatives counterparties, brokers (including clearing brokers), foreign exchange counterparties and, deposit taking banks. Default on the part of an issuer or counterparty could result in a financial loss to JBL.

Regulatory and Legal Risk

Governments or regulators may pass laws, create policy, or implement regulation that affects JBL or the assets of JBL. Such initiatives impact either a specific transaction type or market, and may be either country specific or global. Such changes may result in JBL failing to achieve its investment objectives. Similarly, taxation, corporate and regulatory laws may change in the future, affecting investors' rights and investment returns.

Liquidity Risk

Investments may be difficult or impossible to sell, either due to factors specific to that investment, or to prevailing market conditions. Liquidity risk may mean that an asset is unable to be sold or JBL's exposure is unable to be rebalanced within a timely period and at a fair price.

In addition, rapid liquidation of positions during adverse market conditions (for example, a market crash) is likely to lead to greater losses than would be the case under 'normal' market conditions.

Market Risk

Changes in the prices of futures positions held by JBL may result in loss of principal or large movements in the share price of JBL within short or long periods of time. Global and local economic, financial, political, technological and environmental factors can drive changes in the prices of futures positions. It is not possible to predict the occurrence or magnitude of these and other potentially relevant factors. Different factors may affect the price of individual futures positions, particular asset classes (such as shares, bonds, interest rates, currencies and commodities) or futures positions generally at different times.

Leverage Risk

Leverage risk arises when JBL takes on positions that are greater in size than its assets. JBL will take leveraged positions with the aim of increasing returns which can also lead to increased losses. Leverage arises in JBL through taking both long and short futures positions which are larger in size than the net asset value of JBL. While this process forms a key part of the investment strategy, it may mean that gains and losses may be significantly greater than those in a company that is not leveraged. JBL employs significant leverage and this may result in a loss of some or all of JBL's capital.

Strategy, Model and Research Risk

JBL's investment approach is based on the Investment Manager's experience and research into past data and the application of that research to the development of mathematical models that attempt to forecast returns, risk, correlation and transaction costs. Many of these models are trend following models that attempt to identify and exploit reality but they may be incomplete and/or flawed and there is an inherent risk that any forecasts derived from them may be inaccurate, particularly if the research or models are based on, or incorporate, inaccurate assumptions or data. Assumptions or data may be inaccurate from the outset or may become inaccurate as a result of many factors such as, changes in market structure, increased government intervention in markets or growth in assets managed in accordance with similar investment strategies. In particular, such factors may make the Investment Manager's trend following models less effective because they may lessen the prospect of identified trends occurring or continuing in the future. As a result of the foregoing, the investment system implemented by JBL may not generate profitable trading signals and JBL may suffer a loss.

Collateral Risk

JBL enters into derivatives arrangements that require it to deliver collateral to the derivative counterparty through the futures exchange. As such, JBL may be exposed to certain risks in respect of that collateral, including that JBL:

- (a) will be required to post initial margin/collateral to the derivative counterparty via the futures exchange in the form of cash. JBL will need to have sufficient liquid assets to satisfy this obligation;
- (b) may from time to time, if the value of the derivative arrangements move against it, be required to post variation margin/collateral with the derivatives counterparty via the futures exchange on an ongoing basis. JBL will need to have sufficient liquid assets to satisfy such calls, and in the event it fails to do so, the counterparty may have a right to terminate such derivatives arrangements; and

- (c) may be subject to the credit risk of the counterparty and the futures exchange. In the event the counterparty or futures exchange becomes insolvent at a time it holds margin/collateral posted with it by JBL, JBL will be an unsecured creditor and will rank behind other preferred creditors.

Authorised Representative

JBL is an authorised representative of JB Markets Pty Ltd ACN 123 876 291, an Australian Financial Services Licensee No. 323182. As an authorised representative JBL is permitted to undertake securities trading and funds management activities. There is a risk that changes to the regulatory framework or decisions of the Australian Securities and Investments Commission may result in JB Markets Pty Ltd losing its Australian Financial Services Licence. The directors of JB Markets Pty Ltd may also decide to cancel its licence or no longer authorise JBL to be its authorised representative. This would mean that JBL would cease to be an authorised representative of JB Markets Pty Ltd and may not be able to undertake the activities that it currently does. JBL is confident that it will be in a position to be an authorised representative of an Australian Financial Services Licensee, whether that be JB Markets Pty Ltd or another licensee.

9.3 Transaction specific risks

Conditions to the Share Offer

As noted in Schedule 2, the Share Offer is subject to a Defeating Condition. Subject to any statutory rights of withdrawal, BHD Shareholders who accept the Share Offer while it still remains conditional will not be able to trade their BHD Shares on the ASX (subject to trading in BHD Shares being reinstated) or withdraw their acceptance of the Share Offer.

As at the date of this Bidder's Statement, BHD Shares remain suspended from trading on the ASX.

If the Defeating Condition remains unsatisfied at the end of the Offer Period and is not waived by JBL, there is no obligation on JBL to issue JBL Shares to those BHD Shareholders who have already accepted the Share Offer in consideration for their BHD Shares.

Condition of the Option Offer

The Option Offer is subject to the Share Offer becoming unconditional. Subject to any statutory rights of withdrawal, BHD Optionholders who accept the Option Offer while it remains conditional will not be able to deal with their BHD Options or withdraw their acceptance of the Option Offer.

If the condition remains unsatisfied at the end of the Offer Period and is not waived by JBL, there is no obligation on JBL to grant JBL Options to those BHD Optionholders who have already accepted the Option Offer in consideration for their BHD Options.

Limited withdrawal rights

BHD Shareholders who accept the Share Offer and BHD Optionholders who accept the Option Offer are able to withdraw those acceptances in limited circumstances only.

Issue of JBL Shares and JBL Options as consideration

The Share Offer and Option Offer comprise a specified number of JBL Shares and JBL Options (as applicable) in consideration for each BHD Share and BHD Option (as applicable), rather than a specified value of JBL Shares and JBL Options (as applicable). Accordingly, the value of the consideration may fluctuate depending on the value of JBL Shares and JBL Options (as applicable) from time to time.

Trading in JBL Securities was suspended on 10 April 2019. As at the date of this Bidder's Statement, this suspension has not been lifted. Further, if reinstated and current JBL Shareholders, or current BHD Shareholders who accept the Share Offer, seek to sell JBL Shares

on market, there may be an adverse impact on the market price of JBL Shares, depending on the price at which those JBL Shares are sold.

This means that the market value of JBL Shares at the time they are issued to BHD Shareholders who accept the Share Offer may vary significantly from their market value on the date of acceptance of the Share Offer. This could result in the value of the consideration to BHD Shareholders increasing, as well as decreasing.

There is also a risk that BHD Shareholders and BHD Optionholders who accept the Share Offer and/or the Option Offer may receive materially less value where JBL obtains less than 50.1% ownership in either or both of BHD or HML. In those circumstances, BHD or HML, or both (as applicable) may not be considered to be an entity which JBL controls for accounting purposes and may not be consolidated within JBL's accounts.

In contrast, if JBL obtained voting power of more than 50% in BHD, BHD would be consolidated into JBL's accounts, and therefore increase the value of JBL's balance sheet.

Less than 100 percent ownership

It is possible that JBL may not acquire all BHD Shares under the Share Offer and/or all the BHD Options under the Option Offer. The impact upon JBL of acquiring less than 100 percent will depend upon the final level of ownership acquired. However, the existence of minority shareholders in BHD could have an impact on JBL's intentions regarding BHD (refer to sections 8.2 to 8.8).

Taxation risks

JBL cannot give advice on the tax consequences of the Share Offer and/or the Option Offer, which will depend on the specific circumstances of each BHD Shareholder and Optionholder.

A criterion for the availability of CGT rollover relief in respect of the Share Offer is that JBL increases its holding of BHD Shares to at least 80 percent as a result of the Share Offer, and in respect of the Option Offer is that JBL increases its holding of BHD Options to at least 80 percent as a result of the Option Offer. There is a risk that JBL will not receive sufficient acceptances under the Share Offer and/or the Option Offer (as applicable) to meet this criterion with respect to each of the Share Offer and/or Option Offer (as applicable) and CGT rollover relief may not be available to BHD Shareholders and/or BHD Optionholders (as applicable).

JBL will notify all BHD Shareholders if it receives sufficient acceptances to satisfy this requirement with respect to the Share Offer, and will notify all BHD Optionholders if it receives sufficient acceptances to satisfy this requirement with respect to the Option Offer.

Reporting risks

JBL has assumed that BHD has met all of its reporting obligations and that disclosures made by it are true in all material respects and are not misleading in any material respects.

Dilution risks

As the Share Offer Consideration consists of JBL Shares and the Option Offer Consideration consists of JBL Options, the interests of existing JBL Shareholders (which may include BHD Shareholders following completion of the Share Offer) will be diluted to some degree.

9.4 Specific business risks associated with BHD

Listed investment company risks

The share price of a listed investment company may trade at a premium or discount to net tangible asset backing per share. The operations and financial performance of listed investment companies are driven by a number of factors, including:

- domestic and international financial markets;
- domestic and international economic and political events;
- the applicable regulatory environment in Australia and internationally.

Liquidity risk

There is a risk that BHD's portfolio's underlying investments may not be easily sold when the investment manager decides it is an appropriate time for them to be sold. A lack of liquidity could result in a loss if the delay in the sale of the investment results in the decline in value of the investment. This will be especially relevant to any investments in products which are not exchange traded such as unlisted equities.

As at the date of this Bidder's Statement, trading in BHD is also suspended from ASX (and has been suspended since 30 July 2018). Accordingly, there is the risk that, were JBL to attempt to sell any of its interest in BHD (following conclusion of the Offers), it may not be able to do so expeditiously.

Further, trading in JBL Securities was suspended on 10 April 2019. As at the date of this Bidder's Statement, this suspension has not been lifted. JBL is engaging with NSX, and continuing to respond to any queries raised by NSX to seek the reinstatement of its securities to NSX as soon as possible. It is noted, however, that this is ultimately subject to the discretion of NSX.

Market risk

Investment returns are influenced by general market factors internationally and by factors specific to each security. In particular, the market prices of the shares in many listed entities have in recent times experienced wide fluctuations which in many cases reflect a diverse range of non-entity specific influences including:

- general economic conditions, including changes in inflation rates, short-term or long-term interest rates, exchange rates and commodity prices;
- variations in the local and global markets for listed securities;
- domestic and international economic conditions;
- changes in investor confidence generally and in relation to specific sectors of the market;
- natural disasters, global hostilities and acts of terrorism;
- changes to government policy, legislation or regulation including in relation to taxation and other policy changes; and
- the inclusion or removal of stocks from major market indices.

Currency risk

For investments in global assets which have currency exposure, there is potential for adverse movements in exchange rates to reduce their Australian dollar value and, therefore, the value of BHD's portfolio.

Foreign exchange fluctuations may have a positive or adverse impact on the investment returns of BHD. BHD's foreign currency exposure may be over or under hedged or not hedged at all. It may not always be possible to hedge all foreign currency exposures and there is no guarantee that hedging will be successful. BHD may also hedge the exposure of the other investments in BHD against investment loss, but is under no obligation to do so. There is no guarantee that any hedging will be successful. The cost of implementing hedging may be significant.

Derivatives risk

There is a risk that the use of derivatives can have a negative impact on BHD's portfolio due to an adverse movement in the underlying asset or where the position is difficult or costly to reverse or maintain. Derivative instruments include futures, futures options, over-the-counter products, exchange-traded options, swaps and forward contracts.

The value of all derivatives is 'derived' from underlying assets, such as company shares, commodities and bonds. Derivatives such as futures and options may be used by BHD:

- to offset the risk of price variations of securities;
- as an alternative to purchasing the underlying security;
- to seek to take advantage of any opportunities for profit which may exist in the market from time to time; and
- in the management of currency and interest rate risk.

In all cases, there will be cash and/or underlying assets available to meet the exposure positions of the derivative instruments.

Risks associated with using derivatives include the value of the derivative failing to move in line with the underlying asset, potential illiquidity of the derivative, BHD not being able to meet payment obligations as they arise, regulatory risk and counterparty risk (this is where the counterparty to the derivative contract cannot meet its obligations under the contract). BHD employs derivatives for investment, hedging, leverage and investment implementation and exit purposes.

General risks such as liquidity and counterparty or market risks can be magnified by the use of derivatives because of the leverage effect they exert on BHD. BHD manages this risk by maintaining adequate cash and physical asset cover for derivative positions and also by regularly monitoring derivative positions and only entering into transactions with reputable counterparties via recognised exchanges where possible. If BHD enters into any derivative transaction with any other counterparty, it will seek to ensure the counterparty is creditworthy and viable.

9.5 Risk associated with the Merged Group

Implementation risks

There is a risk that less than 50.1 percent of BHD Shareholders will accept the Share Offer. Where less than 50.1 percent of BHD Shareholders accept the Share Offer, there is a risk that BHD Shareholders who accept the Share Offer and become JBL Shareholders (and any BHD Optionholders who accept the Option Offer and subsequently exercise JBL Options issued to them) will receive materially less value (which arises as JBL may hold less than 50.1% interest in a listed investment company). This means that JBL's interest in BHD may be classified as an equity investment of JBL, rather than as an entity which JBL controls and which may be consolidated for the purposes of JBL's accounts.

There is also a risk that less than 90 percent of BHD Shareholders will accept the Share Offer. If this occurs, JBL will not be able to proceed to compulsory acquisition of 100 percent of BHD.

Depending on the ultimate shareholding of BHD, this could result in a situation where BHD remains listed on ASX, but JBL holds a substantial holding in BHD.

JBL Shares

Under the Share Offer, BHD Shareholders will be issued with JBL Shares in consideration for the transfer of BHD Shares, and under the Option Offer, BHD Optionholders will be issued with JBL Options in consideration for the transfer of BHD Options. The share price performance of a listed

company such as JBL, is subject to general fluctuations in the share market. These fluctuations can result from a wide variety of factors, some of which are beyond the control of JBL, including:

- changes in market conditions for derivatives and listed securities;
- general economic and business conditions; and
- changes in regulatory and government policy.

9.6 General risks

Regulation and publicity

Changes in the regulatory environment for listed investment companies, including amendments to the Corporations Act, ASX Listing Rules and Guidance Notes, NSX Listing Rules, ASIC policy and their practical application may impact on the investments of JBL and BHD, and the ability of those companies to achieve their objectives. This may impact on the value of JBL Shares and BHD Shares.

Changes in tax and accounting policies

Accounting policies and taxation laws are in a continual state of change and reform which may affect BHD, JBL, and their shareholders. Changes to these laws may adversely affect the financial performance and/or the returns achieved by shareholders in JBL or BHD.

Economic conditions

There is a risk that returns may be adversely affected by instability in local or global market conditions. The following economic conditions which may impact the financial position and performance of JBL and BHD include national and international markets and economic growth, industry change, interest rates, inflation, exchange rates, and changes to government economic policy.

Currency risk

Shareholders who reside outside of Australia should be aware of the impact that fluctuations in exchange rates may have on the value of their investments and returns.

Forward looking statements

Certain information contained in this Bidder's Statement may constitute forward looking information that is subject to risks, uncertainties and various assumptions.

10 Tax considerations

10.1 Introduction

The following is a summary of the potential Australian income tax consequences generally applicable to a BHD Securityholder who disposes of BHD Shares and/or BHD Options under the Share Offer and/or the Option Offer. This summary is based on the law and practice in effect on the date of this Bidder's Statement.

The following summary is not intended to be an authoritative or complete statement of the tax law applicable to the specific circumstances of every BHD Securityholder.

In particular the summary is only applicable to BHD Securityholders that are Australian residents for income tax purposes and hold their BHD Shares and/or BHD Options on capital account for income tax purposes. This summary does not apply to BHD Securityholders that hold their BHD Shares and/or BHD Options in the course of a business of trading or dealing in securities. The summary does not apply to BHD Securityholders who acquired their BHD Shares and/or BHD Options as part of an employee share scheme operated by BHD.

All BHD Securityholders are advised to seek independent professional advice about their particular circumstances and non-resident BHD Securityholders should seek their own advice on the Australian and foreign taxation consequences of any sale of their BHD Shares and/or BHD Options.

10.2 CGT consequences on the disposal of BHD Shares

A BHD Shareholder that accepts the Share Offer and whose BHD Shares are subsequently transferred to JBL, is taken to have disposed of their BHD Shares for Australian capital gains tax (CGT) purposes. Shareholders make a capital gain equal to the amount by which the Share Offer Consideration exceeds the cost base that the BHD Shareholder has for the BHD Shares. Subject to the availability of the CGT discount (see below) and any losses available to be offset against the capital gain, this amount is included in the BHD Shareholder's taxable income.

A BHD Shareholder will alternatively make a capital loss equal to the amount by which the reduced cost base of the BHD Shares exceeds the Share Offer Consideration. A capital loss may be used to offset a capital gain made in the same income year or be carried forward to offset a capital gain made in a future income year, subject to the satisfaction of certain loss recoupment tests applicable to companies and trusts.

Cost base of BHD Shares generally

The cost base of BHD Shares would generally be equal to the amount the relevant BHD Shareholder paid to acquire the BHD Shares which includes certain incidental costs of the acquisition (such as brokerage).

10.3 CGT discount

Any BHD Shareholder who is an individual, the trustee of a trust or a complying superannuation entity may be entitled to claim the CGT discount in calculating any capital gain provided that:

- (a) the BHD Shares were acquired at least 12 months before disposal to JBL;
- (b) the BHD Shareholder did not choose to index the cost base of their BHD Shares; and
- (c) the CGT discount is applied to the capital gain after any available capital losses are first offset against that capital gain.

The CGT discount allows a BHD Shareholder who is an individual or the trustee of a trust to discount the capital gain by 50 percent and include 50 percent of the capital gain in the taxable income of that individual or trust.

A BHD Shareholder that is a complying superannuation entity may discount the capital gain by 33⅓ percent and include 66⅔ percent of the capital gain in the taxable income of that complying superannuation entity.

The CGT discount is not available to a BHD Shareholder that is a company.

10.4 CGT rollover

Where JBL acquires 80% of the Shares in BHD, a BHD Shareholder may be eligible to choose for CGT rollover relief to apply to their disposal of BHD Shares under the scrip for scrip rules so that any CGT payable on the disposal is deferred. Whether the rollover is available depends on the individual circumstances of each Shareholder. Also, if the Share Offer becomes unconditional and JBL does not receive acceptances for 80% of the BHD Shares and acquires those BHD Shares, the rollover relief will not be available.

If a BHD Shareholder is eligible and chooses to apply the scrip for scrip rules, JBL Shares received by the BHD Shareholder should have a cost base equal to the cost base of the original BHD Shares. The cost base will be relevant in determining any future CGT liability on the subsequent disposal of the JBL Shares.

In certain circumstances, it may be necessary for JBL to make a joint election with BHD Shareholders in order for CGT rollover relief to apply. To the extent a joint election is necessary for rollover relief to apply then, at the request of the BHD Shareholder and provided the BHD Shareholder has informed JBL in writing of the cost base of their BHD Shares, JBL will make the joint election.

JBL will not make any choice or election under the CGT rollover provisions to prevent BHD Shareholders from obtaining CGT rollover relief.

10.5 Stamp duty and GST

BHD Shareholders who dispose of their BHD Shares under the Share Offer are not expected to incur any Australian stamp duty or be subject to GST on that disposal.

10.6 Taxation consequences for BHD Optionholders

The tax consequences to BHD Optionholders are generally similar to those of BHD Shareholders.

CGT rollover relief may apply to BHD Optionholders where the BHD Options are replaced by JBL Options. To qualify for rollover relief, the transaction must be pursuant to the Option Offer and satisfy certain conditions.

The effect of the CGT rollover relief is such that BHD Optionholders defer any CGT until such time as the JBL Options are disposed of.

10.7 Obtain your own taxation advice

Do not rely on the comments or the statements contained in this Bidder's Statement as advice about your own affairs. The taxation laws are complex and there could be implications in addition to those generally described in this Bidder's Statement.

Accordingly, consult your own tax advisers for advice applicable to your individual needs and circumstances. To the extent permitted by law, JBL does not accept any responsibility for tax implications for individual BHD Shareholders.

JBL is not a registered tax agent under the *Tax Agent Services Act 2009* (Cth) and cannot provide tax advice to specific BHD Securityholders. BHD Securityholders should obtain tax advice from a registered tax agent on the consequences of accepting the Share Offer and/or the Option Offer.

11 Important documents

Investment management agreements

A summary of the material terms of the JBL's investment management agreements is contained in section 4.2.

12 Additional information

12.1 JBL is a disclosing entity

As JBL is offering JBL Shares as consideration for the acquisition of BHD Shares and JBL Options as consideration for the acquisition of BHD Options, the Corporations Act requires that this Bidder's Statement includes all information that would be required for a prospectus for an offer of JBL Shares and/or JBL Options under sections 710 to 713 Corporations Act. JBL does not need to issue a separate prospectus for the offer of the JBL Shares and/or JBL Options as the offer occurs under a takeover bid.

JBL is a disclosing entity (as defined in section 111AC of the Corporations Act) for the purposes of section 713 Corporations Act that is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, JBL is required to continuously disclose to the market any information it has which a reasonable person would expect to have a material effect on the price or the value of JBL's securities.

JBL Shares and JBL Options have been quoted on NSX during the 12 months before the date of this Bidder's Statement. For this reason, JBL is only required to disclose information in this Bidder's Statement that would usually be required where its shares have been continuously quoted securities.

In general terms, where JBL's shares are continuously quoted securities the prospectus is only required to contain information on the effect of the Offers on JBL and the rights and liabilities attaching to the JBL Shares and the JBL Options. It is not necessary to include general information on all of the assets and liabilities, financial position and performance, profits and losses or prospects of the issuing company unless that information has been excluded from a continuous disclosure notice in accordance with the NSX Listing Rules and it is information that investors and their professional advisers would reasonably require for the purpose of making an informed assessment of those matters and the rights and liabilities attaching to the JBL Shares.

Information that is already in the public domain is not reported in this Bidder's Statement other than that which is considered necessary to make this Bidder's Statement complete. JBL, as a disclosing entity under the Corporations Act, states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with ASIC by JBL (not being documents referred to in section 1274(2)(a) Corporations Act) may be obtained from, or inspected at, an ASIC office; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request during the Offer Period:
 - (i) the financial statements of JBL for the 12 months ended 30 June 2018 (being the annual financial report most recently lodged by JBL with ASIC);
 - (ii) the half-year financial report lodged for the six months ended 31 December 2018 lodged with ASIC by JBL; and
 - (iii) all continuous disclosure notices given by JBL after the lodgement of that annual financial report with ASIC and before the lodgement of this Bidder's Statement with ASIC.

If you would like to receive a copy of any of these documents or publications, please contact JBL's bid information line weekdays between 9.00am and 5.00pm (Sydney time) on 1300 405 577 (Australia only) or +61 1300 405 577 (outside Australia).

Copies of all documents lodged with ASIC in relation to JBL can be inspected at the registered office of JBL during normal office hours. A list of announcements made by JBL on NSX between 1 July 2018 and the date of this Bidder's Statement appears in Schedule 4.

Other than information contained in this Bidder's Statement, there is no information which has been excluded from a continuous disclosure notice in accordance with the NSX Listing Rules and is information that a BHD Securityholder or a professional adviser to a BHD Securityholder would reasonably require for the purposes of making an informed assessment of:

- (a) the assets and liabilities, financial position and performance, profits and losses and prospects of JBL; or
- (b) the rights and liabilities attaching to the JBL Shares and/or the JBL Options.

Other than in respect of information contained in an NSX disclosure query or JBL's response to an NSX disclosure query dated between 10 April 2019 and the date of this Bidder's Statement, none of the information referred to in this section 12.1 is incorporated by reference into this Bidder's Statement or is included with this Bidder's Statement.

12.2 Capital structure of JBL

Current

The total number of JBL Shares on issue is 35,583,338 shares.

JBL has granted 24,186,520 options over unissued shares in JBL. A summary of the exercise price and expiry date of each class of options is set out in section 5.5.

JBL has 2,227,850 convertible notes on issue with a face value of \$1.58 per convertible note. The convertible notes mature on 6 April 2022. On conversion, one JBL Share will be issued per convertible note.

The effect of the Offers on JBL's capital structure is set out in section 7.

12.3 Rights and liabilities attaching to JBL Shares

The rights and liabilities attaching to ownership of the JBL Shares arise from a combination of JBL's constitution, statute, the NSX Listing Rules and general law.

A summary of the significant rights and liabilities attaching to JBL's Shares is set out below. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of JBL Shareholders.

Voting at a general meeting

Subject to any shares which may in the future be issued with special or preferential rights, every member present in person at a general meeting of JBL or by proxy, representative or attorney has one vote on a show of hands and, on a poll, one vote for each fully paid JBL Share held. On a poll, partly paid shares confer a fraction of a vote in proportion to the amount paid up on the share.

Meeting of members

Each JBL Shareholder is entitled to receive notice of, attend and vote at meetings of JBL and to receive all notices, accounts and other documents required to be sent to JBL Shareholders under JBL's constitution, the Corporations Act and the NSX Listing Rules.

Dividends

The Directors may authorise the payment to members of dividends as appear to the Directors to be justified by the profits of JBL. Dividends are payable on all JBL Shares in proportion to the amount of the total issue price paid (but not credited) for the JBL Shares. This is subject to any special or preferential rights attached to any class of shares created after the issue of the JBL Shares. If a fully paid share is on issue for part only of the period in respect of which a dividend is payable, the dividend for that share will be apportioned and paid according to the proportion that the part of that period for which the share is on issue and is fully paid is of the total period for which the dividend is payable.

Transfer of JBL Shares

JBL Shares may be transferred by a proper transfer effected under the ASX Settlement Operating Rules, or by a written instrument of transfer in any usual form or in any other form approved by the Directors.

The Directors may only decline to register a transfer of JBL Shares (other than a proper transfer under the ASX Settlement Operating Rules) where permitted or required to do so under the NSX Listing Rules. If the Directors refuse to register a transfer, JBL must, within five Business Days after the transfer is lodged with JBL, give the party lodging the transfer written notice of the refusal and the reason for refusal. The Directors must decline to register a transfer of JBL Shares when required by the Corporations Act or the NSX Listing Rules.

Issue of further JBL Shares

The Directors may allot, issue, grant options in respect of, or otherwise dispose of, further shares in JBL on terms as they see fit. However, the Directors must act in accordance with the restrictions imposed by JBL's constitution, the Corporations Act, the NSX Listing Rules and any rights for the time being attached to the shares in any special class of those shares.

Winding-up

If JBL is wound up, then, subject to any special rights attaching to any class of shares, JBL Shareholders will be entitled to participate in any surplus assets of JBL in proportion to the amount paid up (or which ought to have been paid up) on their JBL Shares when the winding-up begins.

Unmarketable parcels

Subject to the Corporations Act, NSX Listing Rules and ASX Settlement Operating Rules, JBL may refuse to register a transfer where to do so would create a parcel of shares less than a marketable parcel of shares.

Share buy-back

Subject to the provisions of the Corporations Act and the NSX Listing Rules, JBL may buy back JBL Shares on terms and at times determined by the Directors.

Variation of class rights

Unless otherwise provided by JBL's constitution or by the terms of issue of a class of shares, the rights attaching to any class of shares may be varied or abrogated:

- (a) with the consent in writing of the holders of three-quarters of the issued shares included in that class; or
- (b) with the sanction of a special resolution passed at a separate meeting of the holders of those shares.

In either case, the holders of not less than ten percent of the votes in the class of shares, the rights of which have been varied or abrogated, may apply to a court of competent jurisdiction to exercise its discretion to set aside that variation or abrogation.

Dividend reinvestment plan and bonus share plan

JBL's constitution authorises the Directors to establish and maintain dividend reinvestment plans (whereby any member may elect that dividends payable by JBL be reinvested by way of subscription for shares in JBL) and bonus share plans (whereby any member may elect to forego any dividends that may be payable on all or some of the JBL Shares held by that member and to receive instead JBL Shares).

Indemnities

To the extent permitted by law, JBL indemnifies every officer and former officer of JBL against a liability incurred by the person acting in that capacity. In addition, every officer is indemnified out of the assets of JBL against any liability incurred in defending any civil or criminal proceedings:

- (a) in which judgment is given in favour of the officer, or in which the officer is acquitted; or
- (b) in connection with any application for that proceeding in which relief is granted to the officer under the Corporations Act by the court, and where proceedings are commenced, but are struck out or are in any other manner discontinued or determined otherwise than by a judgment or conviction against the officer.

Alteration of JBL's constitution

JBL's constitution can only be amended by special resolution passed by at least 75 percent of JBL Shareholders present and voting at a general meeting of JBL. JBL must give at least 28 days written notice of its intention to propose a resolution as a special resolution.

12.4 Terms and conditions of JBL Options

The rights and liabilities attaching to ownership of the JBL Options arise from a combination of JBL's constitution, statute, the NSX Listing Rules and general law.

A summary of the significant rights and liabilities attaching to JBL Options is set out below. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of JBL Optionholders.

Each JBL Option gives the JBL Optionholder the right to subscribe for one JBL Share upon exercise of the JBL Option.

Expiry Date

The JBL Options expire on 31 March 2020.

Option Period

The period from the date of issue of the Options to 31 March 2020.

Exercise Price

The Exercise Price is \$1.10 for each JBL Option.

Exercise

The JBL Options are exercisable wholly or in part by execution and lodgement with JBL of a notice of exercise and payment of the Exercise Price during the Option Period. The notice of exercise must set out the number of JBL Options which the JBL Optionholder wishes to exercise.

The JBL Options held by a JBL Optionholder may be exercised in whole or in part. If exercised in part, multiples of 1,000 and a minimum of 1,000 must be exercised on each occasion.

All JBL Shares issued upon the exercise of JBL Options will, upon issue, rank equally in all respects with other JBL Shares. JBL will apply for quotation on NSX of any JBL Shares issued as a result of the exercise of a JBL Option.

Transfer

JBL Options are transferable, subject to any restriction or escrow arrangements required or imposed by NSX or the ASX Settlement Operating Rules or under any applicable Australian law.

Quotation

An application will be made for quotation of the new JBL Options issued under the Option Offer under the code 'JBLOA'.

Reorganisation

In the event of any reconstruction of the issued capital of JBL, the number of JBL Options or the Exercise Price or both are to be reconstructed (as appropriate) in accordance with the NSX Listing Rules and in a manner which does not result in any benefits being conferred on JBL Optionholders which are not conferred on JBL Shareholders and (subject to the provisions with respect to rounding of entitlements as sanctioned by a meeting of the JBL Shareholders approving the reconstruction of capital) in all other respects the terms for the exercise of JBL Options remain unchanged.

Non-Recognition of Equitable Interests

JBL is entitled to treat the registered holder of a JBL Option as the absolute holder of that JBL Option and is not bound to recognise any equitable or other claim to, or interest in, that JBL Option on the part of any person other than the registered holder, except as ordered by a Court of competent jurisdiction or as required by statute.

12.5 Capital structure of BHD

- (a) JBL's Share Offer is to acquire all of the issued BHD Shares.
- (b) JBL's Option Offer is to acquire all of the issued BHD Options.
- (c) At the date of this Bidder's Statement, there are:
 - (i) 24,155,241 BHD Shares on issue; and
 - (ii) 16,674,856 BHD Options on issue.

12.6 Details of JBL's relevant interests in BHD Shares

At the date of this Bidder's Statement, the number of BHD Shares in which JBL had a relevant interest is set out below:

| Class of securities | Total number in class | % of BHD Shares on issue |
|----------------------------|------------------------------|---------------------------------|
| BHD Shares | 113,398 BHD Shares | 0.47% |

As at the date of this Bidder's Statement JBL has voting power of 0.47% in BHD.

12.7 Details of JBL's Directors' relevant interests in BHD Shares

At the date of this Bidder's Statement, the Directors of JBL have the following interests in BHD Shares:

| JBL Director | Relevant interest in BHD Shares |
|------------------|---------------------------------|
| Stuart McAuliffe | 1,000 |
| John McAuliffe | 0 |
| Ross Patane | 5,000 |

12.8 BHD Options

If a holder of BHD Options exercises those options, he or she can accept the Share Offer for the BHD Shares received from the exercise of those options.

If a holder of BHD Options does not exercise those options, the BHD Optionholder can accept the Option Offer for the BHD Options which they hold.

12.9 Inducing benefits given during previous four months

Except as set out in this Bidder's Statement, neither JBL nor any of its Associates has, during the period of four months before the date of the Offers, or in the period commencing on the date of this Bidder's Statement and ending on the date of the Offers, given, offered or agreed to give, a benefit to another person where the benefit was likely to induce the other person, or an associate, to:

- (a) accept an Offer; or
- (b) dispose of BHD Shares or BHD Options (as applicable),

which benefit was not offered to all BHD Shareholders under the Share Offer and/or to all BHD Optionholders under the Option Offer.

12.10 Miscellaneous matters

NSX Listing Rules approval

JBL has sought confirmation from NSX on whether JBL is required to obtain shareholder approval under NSX Listing Rules 6.41 and 6.43 (and, if so, has sought a waiver from those requirements having regard to the prior shareholder approval obtained on 24 December 2018).

ASIC relief

ASIC has published various class order instruments providing for modifications and exemptions that apply generally to all persons, including JBL, about the operation of chapter 6 Corporations Act. JBL may rely on this class order relief.

JBL has relied on the modification to section 636(3) Corporations Act in paragraph 5(d) of ASIC Class Order 13/521 'Takeover Bids' to include references to certain statements in documents lodged with ASIC and NSX without obtaining the consent of the persons to whom those statements are attributed.

As required by Class Order 13/521, JBL will make available a copy of the documents containing these statements (or relevant extracts from these documents), free of charge to BHD Shareholders and/or BHD Optionholders who request them before the end of the Offer Period. To obtain a copy of these documents (or the relevant extracts) BHD Shareholders and/or BHD

Optionholders should contact the shareholder information line on 1300 405 577 (or +61 1300 405 577 for overseas domiciled holders) between 9.00am and 5.00pm (Sydney time) Monday to Friday.

Other regulatory matters

JBL is not aware of any other Regulatory Approval which is required for it to acquire control or ownership of BHD.

12.11 Foreign Shareholders and Foreign Optionholders

If you are a Foreign Shareholder and/or Foreign Optionholder, unless JBL otherwise determines that:

- (a) it is lawful and not unduly onerous and not unduly impracticable to make the Share Offer and/or the Option Offer to you and to issue you with JBL Shares and/or JBL Options on acceptance of the Share Offer and/or the Option Offer; and
- (b) it is not unlawful for you to accept the Share Offer and/or the Option Offer by the law of the relevant place outside Australia, its external territories or New Zealand,

you will not be entitled to receive JBL Shares as consideration for your BHD Shares and/or JBL Options as consideration for your BHD Options.

If you are a Foreign Shareholder in Singapore, please refer to Schedule 5.

Instead, JBL will:

- (c) arrange for the issue to the Nominee:
 - (i) of the number of JBL Shares to which you and all other Foreign Shareholders would have been entitled but for clause 2.2 of the Share Offer Terms (Schedule 3); and/or
 - (ii) of the number of JBL Options to which you and all other Foreign Optionholders would have been entitled but for clause 2.2 of the Option Offer Terms (Schedule 3);
- (d) cause the Nominee to offer for sale those JBL Shares and those JBL Options within five Business Days after the end of the Offer Period in the manner, at the price and on other terms as are determined by the Nominee; and
- (e) pay to you:
 - (i) in respect of JBL Shares, the amount ascertained under the formula in clause 5.3 of the Share Offer Terms (Schedule 1); and/or
 - (ii) in respect of JBL Options, the amount ascertained under the formula in clause 5.3 of the Option Offer Terms (Schedule 3).

Notwithstanding anything else contained in this Bidder's Statement, JBL is not under any obligation to spend any money or undertake any action to satisfy itself of the eligibility of Foreign Shareholders to receive JBL Shares and/or JBL Options.

12.12 Consents

This Bidder's Statement includes statements which are made in, or based on statements which are made in, documents provided by BHD or announced on the company announcements platform of ASX by BHD. No person who has made any of these statements has consented to

the statement being included in or accompanying this Bidder's Statement in the form and context in which it is included.

- (a) McCullough Robertson has given and has not, before the lodgement of this Bidder's Statement with ASIC, withdrawn their written consent to being named in this Bidder's Statement as legal adviser to JBL in respect of the Offers in the form and context in which they are named.
- (b) Link Market Services Limited has given and has not, before the lodgement of this Bidder's Statement with ASIC, withdrawn its written consent to being named in this Bidder's Statement as registry to JBL in respect of the Offers in the form and context in which it is named.
- (c) Each of McCullough Robertson and Link Market Services Limited:
 - (i) does not make, or purport to make, any statement in this Bidder's Statement or any statement on which a statement in this Bidder's Statement is based other than, in the case of a person referred to above as having given their consent to the inclusion of a statement, a statement included in this Bidder's Statement with the consent of that person; and
 - (ii) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Bidder's Statement, other than a reference to its name and, in the case of a person referred to above as having given their consent to the inclusion of a statement, any statement or report which has been included in this Bidder's Statement with the consent of that party.

12.13 Fees and benefits payable to Directors and advisers

Other than as set out below or elsewhere in this Bidder's Statement, no:

- (a) Director or proposed director of JBL;
- (b) person named in this Bidder's Statement as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Bidder's Statement; or
- (c) promoter of JBL,

has, or had within two years before the date of this Bidder's Statement, any interest in:

- (d) the formation or promotion of JBL;
- (e) any property acquired or proposed to be acquired by JBL in connection with its formation or promotion or in connection with the issue of JBL Shares under the Share Offer; or
- (f) the offer of JBL Shares and/or JBL Options under this Bidder's Statement,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any Director or a proposed director of JBL as an inducement to become, or to qualify as, a Director of JBL or to any of those persons otherwise for services rendered by them in connection with the formation or promotion of JBL or the offer of JBL Shares and/or JBL Options under this Bidder's Statement.

The Directors of JBL have the following relevant interests in JBL Shares (either held directly, held by entities controlled by them) at the date of this Bidder's Statement:

| Director | JBL Shares | % of JBL Shares on issue |
|----------------|------------|--------------------------|
| John McAuliffe | 2,606,000 | 7.32% |

| Director | JBL Shares | % of JBL Shares on issue |
|------------------|-------------------|---------------------------------|
| Ross Patane | 102,670 | 0.29% |
| Stuart McAuliffe | 5,943,992 | 16.70% |

JBL reviews executive remuneration and other terms of employment annually (through a remuneration committee), having regard to performance, relevant comparative information and independent expert advice. Remuneration packages are set at levels that are intended to attract and retain executives capable of managing JBL's operations. Remuneration and other terms of employment for the managing director and certain other senior executives are formalised in service agreements. Incentive-based remuneration packages linked to personal and corporate key performance indicators are in place for each executive.

These incentives are structured to align executive reward with the achievement of strategic objectives and the creation of shareholder value. The personal and corporate key performance indicators and other targets for each executive are reviewed at least annually to ensure that they remain relevant and appropriate, and may agree to vary the stated indicators or targets to ensure that the short term rewards and long term rewards offered to each executive incentivise performance and achievement that are consistent with JBL's goals and objectives. A significant portion of the incentive plan is provided by way of JBL Shares through a deferred employee share plan which seeks to align executive performance with shareholders' interests. JBL's remuneration policy is designed to align management, and therefore JBL's performance with shareholder wealth.

Insurance and indemnity arrangements are in place for officers of JBL. To the extent permitted by law, JBL indemnifies every person who is or has been an officer against:

- (a) any liability to any person (other than JBL, related entities or a major shareholder) incurred while acting in that capacity and good faith; and
- (b) costs and expenses incurred by that person in that capacity in successfully defending legal proceedings and ancillary matters.

For this purpose 'officer' means any Director or secretary of JBL or any subsidiary of JBL. Under the terms of the indemnity, JBL must maintain indemnity insurance coverage for a period of seven years after the officer held their position in JBL and allow the officer access to certain records after ceasing to hold office in JBL for a period of seven years.

McCullough Robertson has acted as legal adviser to JBL in relation to the Offers. McCullough Robertson is entitled to receive professional fees on a normal basis.

12.14 Expiry date

No JBL Shares or JBL Options will be issued on the basis of the Offers contained in this Bidder's Statement after the date that is 13 months after the date of this Bidder's Statement.

12.15 Other material information

Except as set out elsewhere in this Bidder's Statement, there is no other information that is:

- (a) material to the making of a decision by a BHD Securityholders whether or not to accept an Offer; and
- (b) known to JBL,

and has not previously been disclosed to BHD Securityholders.

13 Definitions and interpretation

13.1 Definitions

In this Bidder's Statement:

| Term | Definition |
|---------------------------------------|---|
| Acceptance Form | means the form of acceptance and transfer accompanying this Bidder's Statement. |
| ASIC | means the Australian Securities and Investments Commission. |
| Associates | in the context of a body corporate includes: <ul style="list-style-type: none">(a) a director, secretary and shareholder of the body corporate;(b) a body corporate that is a Related Body Corporate;(c) a director, secretary and shareholder of that Related Body Corporate;(d) the trustee of any trust under which the persons described in clauses (a), (b) and (c) or any of them, may benefit;(e) any person who is a related party for the purposes of section 228 Corporations Act; and(f) in the particular matter to which the associate reference relates, any person or persons with whom the body corporate:<ul style="list-style-type: none">(i) is acting or proposes to act in concert; or(ii) is or proposes to become associated,whether formally or informally. |
| ASX | means ASX Limited ACN 008 624 691 or the securities exchange operated by it (as the case requires). |
| ASX Listing Rules | means the Listing Rules of ASX and any other rules of ASX which are applicable, each as amended or replaced from time to time, except to the extent of any express written waiver by ASX. |
| ASX Settlement Operating Rules | means the settlement rules of ASX Settlement Pty Limited (ABN 49 008 504 532), the body which administers the CHES system in Australia), a copy of which is available at www.asx.com.au . |
| Bartholomew Roberts | means Bartholomew Roberts Pty Ltd ACN 612 024 549. |
| BHD | means the target company, Benjamin Hornigold Limited ACN 614 854 045. |
| BHD Board | means the board of directors of BHD. |
| BHD Directors | means the current directors of BHD. |
| BHD Group | means BHD and each of its Subsidiaries. |
| BHD Loan | means the unsecured loan made on 8 August 2018 of \$1,134,000 to JBL by BHD for a term of one year at 11.5% interest per annum. |
| BHD Loan Extension | means the extension of the BHD Loan for six months on 16 October 2018. |

| Term | Definition |
|---------------------------------|---|
| BHD Optionholder | means a registered holder of BHD Options. |
| BHD Options | means options over unissued BHD Shares. |
| BHD Securityholder | means: (a) a BHD Shareholder; or (b) a BHD Optionholder, or both of them, as the context requires. |
| BHD Shareholder | means a registered holder of BHD Shares. |
| BHD Shares | means fully paid ordinary shares in the capital of BHD. |
| Bidder's Statement | means this document, being the statement of JBL under part 6.5 division 2 Corporations Act relating to the Offers. |
| Broker | means a person who is a share broker and a participant in CHESS. |
| Business Day | means a business day as defined in the Listing Rules. |
| CHESS | means the Clearing House Electronic Subregister System, which provides for electronic share transfer in Australia. |
| CHESS Holding | means a holding of BHD Shares on the CHESS subregister of BHD. |
| Controlling Participant | means the Broker or Non-Broker Participant who is designated as the controlling participant for shares in a CHESS Holding under the ASX Settlement Operating Rules. |
| Corporations Act | means <i>Corporations Act 2001</i> (Cth). |
| Defeating Condition | means each of the conditions of the Share Offer set out in Schedule 2. |
| Directors | means the directors of JBL. |
| Foreign Shareholder | means a BHD Shareholder whose address on the BHD share register is in a jurisdiction other than Australia or its external territories or New Zealand. |
| GST | has the meaning it has in the GST Act. |
| GST Act | means the <i>A New Tax System (Goods and Services Tax) Act 1999</i> (Cth). |
| HML | means Henry Morgan Limited ACN 602 041 770. |
| HML Loan | means the unsecured loan made on 8 August 2018 of \$2,411,000 to JBL by HML for a term of one year at 11.5% interest per annum. |
| HML Loan Extension | means the extension of the HML Loan for six months on 16 October 2018. |
| HML Offer | means the offer by JBL to acquire all of the issued shares in HML by way of off-market takeover bid, which closed on 15 April 2019. |
| Issuer Sponsored Holding | means a holding of BHD Shares or BHD Options on BHD's issuer sponsored subregister. |
| JB Financial Group | means JB Financial Group Pty Ltd ACN 613 592 135. |
| JB Trading | means JB Trading House Pty Ltd ACN 625 874 115. |

| Term | Definition |
|-------------------------------|--|
| JB Trading Transaction | means the exclusive trading arrangement between BHD and JB Trading, in accordance with which JB Trading agreed to issue to BHD a \$13.5 million convertible note as consideration for the exclusive trading arrangement. |
| JBFG Extension | means the extension by BHD of a \$2.3 million convertible note to JB Financial Group on 17 September 2018, the effect of which was to extend the expiry date from 10 September 2018 to 11 March 2020. |
| JBFG Facility | means the facility given by JB Financial Group to JBL for up to \$7 million on 6 March 2019. |
| JBL | means the bidder, John Bridgeman Limited ACN 603 477 185. |
| JBL Group | means JBL and each of its Subsidiaries. |
| JBL Loan | means the repayment of refundable performance fees of \$4.5 million from JBL to BHD. |
| JBL Optionholder | means a registered holder of JBL Options. |
| JBL Options | means options over unissued JBL Shares. |
| JBL Securities | means JBL Options and JBL Shares. |
| JBL Share | means a fully paid ordinary share in the capital of JBL. |
| Merged Group | means JBL and each of its Subsidiaries (including the BHD Group) which will exist as a result of the takeover bid as constituted by the Offers, should the takeover proceed to its conclusion. |
| NAV | means net asset value. |
| Nominee | means an entity to be appointed by JBL after the date of this Bidder's Statement with the prior approval of ASIC. |
| Non-Broker Participant | means a non-broker participant under the ASX Settlement Operating Rules. |
| NSX | means the National Stock Exchange of Australia ABN 11 000 902 063. |
| NSX Listing Rules | means the Listing Rules of NSX and any other rules of NSX which are applicable, each as amended or replaced from time to time, except to the extent of any express written waiver by NSX. |
| NTA | means net tangible assets. |
| Offers | means: <ul style="list-style-type: none"> (a) the Share Offer; and (b) the Option Offer, and Offer means either one of them, as the context requires. |
| Offer Period | means the period commencing on [•] 2019 and ending at 7.00pm (Sydney time) on [•] 2019, or any later date to which the Offer is extended. |
| Option Offer | means the offer by JBL on the Option Offer Terms to acquire BHD Options referred to in section 2 of this Bidder's Statement. |

| Term | Definition |
|-----------------------------------|---|
| Option Offer Consideration | means 0.50 JBL Options for each BHD Option you own. |
| Option Offer Terms | means the terms of the Options Offer set out in Schedule 3 to this Bidder's Statement. |
| Pro Forma Balance Sheet | means a pro forma combined balance sheet of the Merged Group referred to in section 7.3 of this Bidder's Statement. |
| Register Date | means the date set by JBL under section 633(2) Corporations Act, being 7.00pm (Sydney time) on 6 May 2019. |
| Regulatory Agency | means a government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity whether foreign, federal, state, territorial or local and for these purposes includes ASX, NSX and ASIC. |
| Regulatory Approvals | means the authorisations, consents, exemptions, modifications and approvals as may be required from any Regulatory Agency (including ASIC, NSX and ASX) to enable the party to implement the Offer under the applicable law. |
| Rights | means all accretions, rights or benefits of whatever kind attaching to or arising from BHD Shares or BHD Options (as applicable) directly or indirectly after the date of this Bidder's Statement, including, without limitation, all dividends or other distributions and all rights to receive any dividends or other distributions, or to receive or subscribe for shares, stock units, notes, bonds, options or other securities, declared, paid or made by BHD or any of its Subsidiaries. |
| Share Offer | the offer by JBL on the Share Offer Terms to acquire BHD Shares referred to in section 2 of this Bidder's Statement. |
| Share Offer Consideration | means 1 JBL Share for each BHD Share you own. |
| Share Offer Terms | means the terms of the Share Offer set out in Schedule 1 to this Bidder's Statement. |
| Subsidiaries | has the meaning given to that term by section 9 Corporations Act. |
| Target's Statement | means the target's statement to be prepared by BHD in response to this Bidder's Statement. |
| VWAP | means the volume weighted average price of a security. |

13.2 Interpretation

In this Bidder's Statement, unless the context otherwise requires:

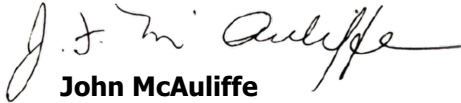
- (a) headings are for convenience and do not affect the interpretation;
- (b) words or phrases defined in the Corporations Act have the same meaning in this Bidder's Statement;
- (c) a reference to a section is a reference to a section of this Bidder's Statement;

- (d) a singular word includes the plural and vice versa;
- (e) if a word or phrase is defined, its other grammatical forms have a corresponding meaning;
- (f) a reference to a person includes a corporation, trust, partnership, unincorporated body, government and local authority or agency, or other entity whether or not it comprises a separate legal entity;
- (g) a reference to legislation or to a provision of legislation (including subordinate legislation) is to that legislation as amended, re-enacted or replaced, and includes any subordinate legislation issued under it; and
- (h) a reference to '\$' or 'dollar' is to Australian currency.

14 Approval of Bidder's Statement

The copy of this Bidder's Statement that is to be lodged with ASIC has been approved by a unanimous resolution passed by the Directors of JBL on 3 May 2019.

Signed by John McAuliffe, Chairman of JBL, under section 351 Corporations Act.



John McAuliffe
Chairman
John Bridgeman Limited

Schedule 1

Terms of the Share Offer

1 Share Offer

- 1.1 JBL offers, to each holder of BHD Shares at 7.00pm on the Register Date, to acquire all of your BHD Shares together with all the Rights attaching to them on the terms set out in this Schedule 1. This Share Offer extends to any person who is able during the Offer Period to give good title to BHD Shares and has not already accepted a Share Offer for those BHD Shares.
- 1.2 This Share Offer extends to all BHD Shares that:
 - (a) exist at the Register Date; and
 - (b) that are issued during the period from the Register Date to the end of the Offer Period due to the conversion of, or exercise of the rights attached to, any securities which confer on the holder the right to have BHD Shares issued to them.
- 1.3 By accepting this Share Offer, you undertake to transfer to JBL not only the BHD Shares to which the Share Offer relates but also all the Rights attached to the BHD Shares.
- 1.4 JBL Shares issued under this Share Offer will rank equally in all respects with JBL Shares on issue at the Register Date.
- 1.5 This Offer is dated [•] 2019.

2 Offer Consideration

- 2.1 Subject to clause 2.2 of this Schedule 1, the consideration under the Share Offer Consideration is 1 JBL Share for each BHD Share you own.

Foreign Shareholders

- 2.2 If at the time this Share Offer is made to you, you are a Foreign Shareholder and JBL does not make a determination under section 12.11, you will not be entitled to receive JBL Shares as consideration for your BHD Shares. Instead, you will receive a cash amount calculated under clause 5.3 of this Schedule 1.

Fractional entitlements

- 2.3 If you accept the Offer and are entitled to receive a fraction of a JBL Share, the number of JBL Shares you are entitled to under this Offer is rounded up to the next whole number of JBL Shares if it is 0.5 or more, and rounded down to the nearest whole number if it is less than 0.5. If you are entitled to a fraction of a cent, that fraction is rounded to the nearest cent on the same basis.
- 2.4 If JBL reasonably believes that you have manipulated your holding of BHD Shares to take advantage of rounding up, then any fractional entitlement is aggregated or rounded down to the next whole number of JBL Shares.

3 Offer Period

The Offer will remain open for acceptance during the period commencing on [•] 2019 and ending at 7.00pm (Sydney time) on [•] 2019, unless it is withdrawn or extended under the Corporations Act.

4 How to accept this Share Offer

All of your holding

4.1 This Share Offer is for all of your BHD Shares.

Acceptance procedure for BHD Shareholders

4.2 The acceptance procedure will depend on whether your BHD Shares are in a CHESS Holding or an Issuer Sponsored Holding.

If you hold your BHD Shares in a CHESS Holding

4.3 You must comply with the ASX Settlement Operating Rules.

4.4 If you are a sponsored CHESS holder of BHD Shares, to accept the Share Offer you must:

- (a) instruct your Controlling Participant to initiate acceptance of the Offer on your behalf under Rule 14.14 of the ASX Settlement Operating Rules;
- (b) complete, sign and send the accompanying Acceptance Form directly to your stockbroker or Controlling Participant; or
- (c) complete and sign the Acceptance Form and mail or deliver it to the address below and authorise JBL to instruct your Controlling Participant to initiate acceptance of the Offer on your behalf;

before the end of the Offer Period.

If you hold your BHD Shares in an Issuer Sponsored Holding

4.5 If your BHD Shares are in an Issuer Sponsored Holding, then to accept this Share Offer you must complete, sign and return the accompanying Acceptance Form in accordance with the instructions on it and deliver it or send it by post so that it is received by JBL's share registry of the Share Offer before the end of the Offer Period.

If you are a Broker or a Non-Broker Participant

4.6 If you are a Broker or Non-Broker Participant, initiate acceptance under the requirements of the ASX Settlement Operating Rules before the end of the Offer Period.

Mailing and delivery addresses

4.7 The mailing and delivery addresses for completed Acceptance Forms are as follows.

The mailing address is:

Link Market Services
Benjamin Hornigold Limited (BHD) Takeover
Locked Bag A14
Sydney South NSW 1235
AUSTRALIA

4.8 Alternatively you may deliver the Acceptance Form and any associated documents to:

Link Market Services
Benjamin Hornigold Limited (BHD) Takeover
1A Homebush Bay Drive
Rhodes NSW 2138
AUSTRALIA

- 4.9 A reply paid envelope (not able to be used by BHD Shareholders outside Australia) is enclosed for your convenience.

Acceptance Form

- 4.10 The Acceptance Form which accompanies this Share Offer forms part of it. The requirements on the Acceptance Form must be observed in accepting this Share Offer for your BHD Shares.

Power of attorney, deceased estate

- 4.11 When accepting this Share Offer, you must also forward for inspection:
- (a) if the Acceptance Form is signed by an attorney, the power of attorney; and
 - (b) if the Acceptance Form is signed by the executor of a will or the administrator of the estate of a deceased BHD Shareholder, the relevant grant of probate or letters of administration.

When acceptance is complete

- 4.12 Acceptance of this Share Offer will not be complete until the completed Acceptance Form has been received at one of the addresses set out in clause 4.7 above and the requirements of this clause have been met, provided that:
- (a) JBL may in its sole discretion waive any or all of those requirements at any time; and
 - (b) where those requirements have been complied with for some but not all of your BHD Shares, JBL may, in its sole discretion, deem your acceptance of this Share Offer complete in respect of those BHD Shares for which the requirements have been complied with but not in respect of the remainder.
- 4.13 If your Acceptance Form is returned by post it will be taken as received before the end of the Offer Period if the envelope in which it is sent is postmarked before the end of the Offer Period.

5 Payment of consideration

When consideration is paid

- 5.1 Subject to clauses 5.3 and 5.4 of this Schedule 1, you will be paid the consideration you are entitled to within one month of the later of:
- (a) the date you accept the Share Offer (unless the Share Offer is withdrawn in accordance with the Corporations Act); and
 - (b) the date the Share Offer becomes unconditional.
- 5.2 In any event, you will be paid within 21 days after the end of the Offer Period (assuming all Defeating Conditions are satisfied or waived).

Payments to Foreign Shareholders

- 5.3 If you accept the Share Offer and you are a Foreign Shareholder and JBL does not make a determination under section 12.11 of this Bidder's Statement:
- (a) JBL will arrange for the issue to the Nominee of the number of JBL Shares to which you and all other Foreign Shareholders would have been entitled under the Share Offer but for clause 2.2 of this Schedule 1;

- (b) JBL will cause the Nominee to offer for sale the JBL Shares as soon as practicable, or otherwise in the manner, at the price and on terms as are determined by the Nominee;
- (c) JBL will cause the Nominee to pay to you the amount calculated under the following formula:

$$\frac{\text{Net Proceeds of Sale} \times \text{Your JBL Shares}}{\text{Total Nominee JBL Shares}}$$

where:

- (i) **Net Proceeds of Sale** means the amount which is received by the Nominee upon the sale of all JBL Shares under this clause 5.3 less brokerage and other sale expenses;
- (ii) **Your JBL Shares** means the number of JBL Shares which would, but for clause 2.2 of this Schedule 1, have been allotted to you under the Share Offer;
- (iii) **Total Nominee JBL Shares** means the total number of JBL Shares allotted to the Nominee under this clause 5.3;
- (d) you will receive your share of the proceeds of this sale in Australian currency;
- (e) payment will be made by cheque posted to you at your risk by ordinary mail at the address provided on your Acceptance Form; and
- (f) under no circumstances will interest be paid on your share of the proceeds of this sale, regardless of any delay in remitting these proceeds to you.

Where additional documents are required

5.4 Where the Acceptance Form requires additional documents to be given with your acceptance (such as a power of attorney), if the documents are given:

- (a) with your acceptance, JBL will provide the consideration in accordance with clause 5.1 of this Schedule 1;
- (b) after acceptance and before the end of the Offer Period and the Share Offer is subject to a Defeating Condition at the time that JBL is given the documents, JBL will provide the consideration by the end of whichever period ends earlier:
 - (i) within one month after the contract resulting from your acceptance of the Share Offer becomes unconditional; and
 - (ii) 21 days after the end of the Offer Period;
- (c) after acceptance and before the end of the Offer Period and the Share Offer is unconditional at the time that JBL is given the documents, JBL will provide the consideration by the end of whichever period ends earlier:
 - (i) one month after JBL is given the document; and
 - (ii) 21 days after the end of the Offer Period; or
- (d) after the end of the Offer Period, JBL will provide the consideration within 21 days after the documents are given, but if at the time JBL is given the documents, the contract resulting from your acceptance of the Share Offer is still subject to a Defeating Condition, JBL will provide the consideration within 21 days after that contract becomes unconditional.

- 5.5 If you do not give JBL the required additional documents within one month after the end of the Offer Period, JBL may, in its sole discretion, rescind the contract resulting from your acceptance of the Share Offer.

Where JBL is entitled to any Rights

- 5.6 If JBL becomes entitled to any Rights on acceptance of this Share Offer, you must give JBL all documents that JBL needs to give JBL title to those Rights. If you do not give those documents to JBL, or if you have received the benefit of those Rights, JBL will deduct from the consideration otherwise due to you the amount (or value, as reasonably assessed by JBL) of those Rights.

Payment to be mailed by cheque

- 5.7 Payment of the cash amount to which you are entitled will be mailed by cheque (or otherwise as agreed by JBL) in Australian currency. Cheques will be sent to the address on the Acceptance Form by pre-paid ordinary mail or, if you have an overseas address, by pre-paid airmail.

Clearances for offshore residents

- 5.8 If, at the time of acceptance of this Share Offer, you are resident in or of a place outside Australia, you will not be entitled to receive any consideration under this Share Offer until all requisite authorities or clearances of the Reserve Bank of Australia (whether under the *Banking (Foreign Exchange) Regulations 1959* (Cth) or otherwise), or of the Australian Taxation Office, have been obtained.

6 Conditions of the Share Offer

Conditions

- 6.1 This Share Offer and the contract that results from acceptance of this Share Offer are subject to fulfilment of the Defeating Conditions.

Nature of conditions

- 6.2 Each of the Defeating Conditions set out in each paragraph and subparagraph of Schedule 2:
- (a) constitutes and will be construed as a separate, several and distinct condition;
 - (b) is a condition subsequent; and
 - (c) until the expiration of the Offer Period will be for the benefit of JBL alone and may be relied upon only by JBL.

Conditions apply to multiple events

- 6.3 Where an event occurs that would mean at the time the event occurs a Defeating Condition would not be satisfied, each Defeating Condition affected by that event becomes two separate conditions on identical terms except that:
- (a) one of them relates solely to that event; and
 - (b) the other specifically excludes that event.
- 6.4 JBL may declare the Share Offer free under clause 6.5 from either of those conditions without declaring it free from the other and may do so at different times. This clause may apply any number of times to a Defeating Condition (including a condition arising from a previous operation of this clause).

Effect of breach or non-fulfilment

6.5 The breach or non-fulfilment of any of the Defeating Conditions does not prevent a contract arising to acquire your BHD Shares resulting from your acceptance of this Share Offer. If at the end of the Offer Period, in respect of any Defeating Condition:

- (a) JBL has not declared the Share Offer (and the Share Offer has not become) free from that Defeating Condition; or
- (b) that Defeating Condition has not been satisfied,

all contracts resulting from the acceptance of the Share Offer and all acceptances that have not resulted in binding contracts are void. In that case, JBL will return the Acceptance Form together with all documents to the address shown in the Acceptance Form.

JBL may decide Share Offer is free from all or any of the Defeating Conditions

6.6 JBL may at any time at its sole discretion but in compliance with section 650F and section 630(1) Corporations Act, declare the Share Offer free from all or any of the Defeating Conditions by written notice to BHD not later than seven days before the end of the Offer Period.

Date for giving notice on status of Defeating Conditions

6.7 The date for giving a notice on the status of the Defeating Conditions as required by section 630(1) Corporations Act is the date seven days before the end of the Offer Period, subject to variation under section 630(2) Corporations Act if the Offer Period is extended.

Effect of acceptance

6.8 Once you have accepted this Share Offer, you will be unable to revoke your acceptance and the contract resulting from your acceptance will be binding on you, unless:

- (a) by the end of the Offer Period, the Defeating Conditions have not all been satisfied or waived in which case, this Share Offer will automatically terminate; and
- (b) the circumstances set out in section 650E Corporations Act apply.

6.9 By signing and returning the Acceptance Form, you will be deemed to have:

- (a) irrevocably accepted this Share Offer (and each variation of this Share Offer) in respect of all your BHD Shares despite any difference between that number and the number of BHD Shares shown in the Acceptance Form;
- (b) irrevocably authorised JBL to alter the Acceptance Form on your behalf by:
 - (i) inserting correct details of your BHD Shares;
 - (ii) filling in any blanks remaining on the Acceptance Form; and
 - (iii) rectifying any errors in, and omissions from, the Acceptance Form,

as may be necessary to make the Acceptance Form a valid acceptance of this Share Offer and to enable registration of the transfer of your BHD Shares to JBL;

- (c) represented and warranted to JBL, as a condition of the contract resulting from your acceptance of the Share Offer, that at the time of acceptance and at the time of transfer to JBL:
 - (i) you have paid to BHD all amounts which are due for payment for your BHD Shares;

- (ii) all of your BHD Shares are fully paid and free from all mortgages, charges, liens and other encumbrances of any nature; and
 - (iii) you have full power and capacity to sell and transfer those BHD Shares;
- (d) granted to JBL and each of its Directors power of attorney to sign any document or do any thing on your behalf necessary to cause BHD to issue a replacement share certificate for those BHD Shares;
- (e) agreed to:
 - (i) do anything necessary to ratify any act taken or purported to be taken by JBL or any of its Directors under the power of attorney granted by clause 6.9(d) of this Schedule 1; and
 - (ii) indemnify JBL and each of its Directors in respect of that act;
- (f) from the time of acceptance until the Share Offer has become unconditional, until the earlier of the withdrawal of your acceptance under section 650E Corporations Act or the end of the Offer Period, irrevocably appointed JBL or any nominee of JBL as your attorney to exercise all your powers and rights attaching to your BHD Shares including (without limitation) to requisition, convene, attend and vote at all general meetings of BHD or appoint a proxy or proxies to attend and vote on your behalf at that meeting, where the passing or defeat of any resolution before the meeting might adversely affect the likelihood of the Share Offer being successful and to do so in a way which would prevent that effect arising;
- (g) on this Share Offer or any takeover contract becoming unconditional, irrevocably appointed JBL or any nominee of JBL as your attorney to exercise all your powers and rights attaching to your BHD Shares including (without limitation):
 - (i) to requisition, convene, attend and vote at all general meetings of BHD or appoint a proxy or proxies to attend and vote on your behalf at that meeting; and
 - (ii) sign all documents and resolutions relating to your BHD Shares, and generally to exercise all powers and rights which you may have as a BHD Shareholder and perform actions as may be appropriate to vest good title in your BHD Shares in JBL;
- (h) agreed that in exercising the powers conferred by the power of attorney in clause 6.3(g) of this Schedule 1, JBL is entitled to act in the interests of JBL;
- (i) agreed not to attend or vote in person at any general meeting of BHD or to exercise or purport to exercise any of the powers conferred on JBL or its nominee in clause 6.3(g) of this Schedule 1;
- (j) agreed to accept the JBL Shares, to which you have become entitled by acceptance of this Share Offer, subject to the constitution of JBL and have authorised JBL to place your name on the register of members for those JBL Shares; and
- (k) if your BHD Shares are in a CHESS Holding and you sign and return the Acceptance Form, irrevocably authorised JBL:
 - (i) to instruct your Controlling Participant to initiate acceptance of this Share Offer for your BHD Shares under the ASX Settlement Operating Rules; and
 - (ii) to give any other instructions in relation to your BHD Shares to your Controlling Participant on your behalf under the sponsorship agreement between you and that Controlling Participant.

Withdrawal

- 6.10 JBL may withdraw unaccepted Share Offers at any time with the written consent of ASIC and subject to the conditions (if any) specified in that consent.

Variation

- 6.11 JBL may vary this Share Offer in accordance with the Corporations Act.

7 Acceptances by transferees and nominees

Who may accept the Share Offer

- 7.1 During the Offer Period:
- (a) any person who is able to give good title to a parcel of BHD Shares may accept (if they have not already accepted an offer in the form of this Share Offer) as if an offer on terms identical with this Share Offer has been made to that person; and
 - (b) any person who holds one or more parcels of BHD Shares as trustee, nominee, or otherwise on account of another person, may accept as if a separate offer had been made in relation to:
 - (i) each of those parcels; and
 - (ii) any parcel they hold in their own right.

Holding shares

- 7.2 A person is taken to hold BHD Shares if the person is, or is entitled to be registered as, the holder of those BHD Shares.

Holding shares on trust or as a nominee

- 7.3 A person is taken to hold BHD Shares on trust for, as nominee for, or on account of, another person if that person:
- (a) is entitled to be registered as the holder of BHD Shares; and
 - (b) holds the interest in the BHD Shares on trust for, as nominee for, or on account of, that other person.

Effective acceptance

- 7.4 An acceptance of a Shareholder under clause 7.1(b) of this Schedule 1 is ineffective unless:
- (a) the person who holds on account of another person, gives that other person written notice stating that the BHD Shares consist of a separate parcel; and
 - (b) the acceptance specifies the number of BHD Shares in that parcel.

Notice of acceptance

- 7.5 A notice under clause 7.4(a) of this Schedule 1 must be made in writing.
- 7.6 A person may, at the one time, accept for two or more parcels under clause 7.6 of this Schedule 1 as if there had been a single offer for a separate parcel consisting of those parcels.

8 Other matters

Notices and other communications

- 8.1 Subject to the Corporations Act, a notice or other communication given by JBL to you in connection with this Share Offer is deemed to be duly given if it is in writing and:
- (a) is delivered at your address as recorded on the register of members of BHD or the address shown in the Acceptance Form; and
 - (b) is sent by pre-paid ordinary mail, or in the case of an address outside Australia by pre-paid airmail, to you at either of those addresses.

Return of documents

- 8.2 If:
- (a) this Share Offer is withdrawn after your Acceptance Form has been sent to JBL, but before it has been received; or
 - (b) for any other reason JBL does not acquire the BHD Shares to which your Acceptance Form relates,

JBL will despatch at your risk your Acceptance Form together with all other documents forwarded by you.

9 Costs and expenses

All costs and expenses of the preparation, despatch and circulation of the Share Offer and all stamp duty payable for a transfer of BHD Shares for which Share Offers are accepted, will be paid by JBL.

10 Official quotation of JBL Shares

- 10.1 Subject to clause 1 of this Schedule 1, the JBL Shares offered by JBL as consideration under the Share Offer will rank equally with JBL Shares on issue at the Register Date.
- 10.2 JBL has been admitted to the official list of NSX and shares of the same class as those to be issued as consideration under the Share Offer have been granted official quotation by NSX.
- 10.3 An application will be made within seven days after the start of the bid period (as defined in the Corporations Act) to the NSX for the granting of official quotation of the JBL Shares to be issued in accordance with the Share Offer. However, official quotation is not granted automatically on application.
- 10.4 Under section 625(3) Corporations Act, the Share Offer is subject to a condition that application for admission to quotation of the JBL Shares issued under the Share Offer is made within seven days after the start of the bid period (as that term is defined in the Corporations Act) and permission for admission to quotation will be granted no later than seven days after the end of the bid period (as that term is defined in the Corporations Act). This condition may not be waived.

Schedule 2

Conditions of the Share Offer

The Share Offer and any contracts resulting from acceptance of the Offer are subject to fulfilment of the following condition:

- 1 **(Regulatory Approvals)** Before the end of the Offer Period, the Regulatory Approvals are:
 - (a) granted, given, made or obtained unconditionally, or on the basis of conditions that impose only non-material requirements incidental to the approval or consent;
 - (b) remain in full force and effect; and
 - (c) do not become subject to any notice, indication or intention to revoke, suspend, restrict, modify or renew them.

Schedule 3

Terms of the Option Offer

1 Option Offer

- 1.1 JBL offers, to each holder of BHD Options at 7.00pm on the Register Date, to acquire all of your BHD Options together with all the Rights attaching to them on the terms set out in this Schedule 3. This Option Offer extends to any person who is able during the Offer Period to give good title to BHD Options and has not already accepted an Option Offer for those BHD Options.
- 1.2 This Option Offer extends to all BHD Options that exist at the Register Date.
- 1.3 By accepting this Option Offer, you undertake to transfer to JBL not only the BHD Options to which the Option Offer relates but also all the Rights attached to the BHD Options.
- 1.4 This Option Offer is dated [•] 2019.

2 Offer Consideration

- 2.1 Subject to clause 2.2 of this Schedule 3 the consideration under the Option Offer Consideration is 0.50 JBL Option for each BHD Option you hold.

Foreign Optionholders

- 2.2 If at the time this Option Offer is made to you, you are a Foreign Optionholder and JBL does not make a determination under section 12.11, you will not be entitled to receive JBL Options as consideration for your BHD Options. Instead, you will receive a cash amount calculated under clause 5.3 of this Schedule 3.

Fractional entitlements

- 2.3 If you accept the Option Offer and are entitled to receive a fraction of a JBL Option, the number of JBL Options you are entitled to under this Option Offer is rounded up to the next whole number of JBL Options if it is 0.5 or more, and rounded down to the nearest whole number if it is less than 0.5.
- 2.4 If JBL reasonably believes that you have manipulated your holding of BHD Options to take advantage of rounding up, then any fractional entitlement is aggregated or rounded down to the next whole number of JBL Options.

3 Offer Period

The Option Offer will remain open for acceptance during the period commencing on [•] 2019, and ending at 7.00pm (Sydney time) on [•] 2019, unless it is withdrawn or extended under the Corporations Act.

4 How to accept this Option Offer

All of your holding

- 4.1 This Option Offer is for all of your BHD Options.

Acceptance procedure for BHD Optionholders

- 4.2 The acceptance procedure will depend on whether your BHD Options are in a CHESS Holding or an Issuer Sponsored Holding.

If you hold your BHD Options in a CHESS Holding

- 4.3 You must comply with the ASX Settlement Operating Rules.
- 4.4 If you are a sponsored CHESS holder of BHD Options, to accept the Option Offer you must:
- (a) instruct your Controlling Participant to initiate acceptance of the Option Offer on your behalf under Rule 14.14 of the ASX Settlement Operating Rules;
 - (b) complete, sign and send the accompanying Acceptance Form directly to your stockbroker or Controlling Participant; or
 - (c) complete and sign the Acceptance Form and mail or deliver it to the address below and authorise JBL to instruct your Controlling Participant to initiate acceptance of the Option Offer on your behalf;

before the end of the Offer Period.

If you hold your BHD Options in an Issuer Sponsored Holding

- 4.5 If your BHD Options are in an Issuer Sponsored Holding, then to accept this Option Offer you must complete, sign and return the accompanying Acceptance Form in accordance with the instructions on it and deliver it or send it by post so that it is received by JBL's share registry of the Option Offer before the end of the Offer Period.

If you are a Broker or a Non-Broker Participant

- 4.6 If you are a Broker or Non-Broker Participant, initiate acceptance under the requirements of the ASX Settlement Operating Rules before the end of the Offer Period.

Mailing and delivery addresses

- 4.7 The mailing and delivery addresses for completed Acceptance Forms are as follows.

The mailing address is:

Link Market Services Limited
Benjamin Hornigold Ltd (BHD) Takeover
Locked Bag A14
Sydney South NSW 1235

- 4.8 Alternatively, you may deliver the Acceptance Form and any associated documents to:

Link Market Services Limited
Benjamin Hornigold Ltd (BHD) Takeover
1A Homebush Bay Drive
Rhodes NSW 2138

- 4.9 A reply paid envelope (not able to be used by BHD Optionholders outside Australia) is enclosed for your convenience.

Acceptance Form

- 4.10 The Acceptance Form which accompanies this Option Offer forms part of it. The requirements on the Acceptance Form must be observed in accepting this Option Offer for your BHD Options.

Power of attorney, deceased estate

- 4.11 When accepting this Option Offer, you must also forward for inspection:
- (a) if the Acceptance Form is signed by an attorney, the power of attorney; and
 - (b) if the Acceptance Form is signed by the executor of a will or the administrator of the estate of a deceased BHD Optionholder, the relevant grant of probate or letters of administration.

When acceptance is complete

- 4.12 Acceptance of this Option Offer will not be complete until the completed Acceptance Form has been received at one of the addresses set out in clause 4.7 above and the requirements of this clause have been met, provided that:
- (c) JBL may in its sole discretion waive any or all of those requirements at any time; and
 - (d) where those requirements have been complied with for some but not all of your BHD Options, JBL may, in its sole discretion, deem your acceptance of this Option Offer complete in respect of those BHD Options for which the requirements have been complied with but not in respect of the remainder.
- 4.13 If your Acceptance Form is returned by post it will be taken as received before the end of the Offer Period if the envelope in which it is sent is postmarked before the end of the Offer Period.

5 Payment of consideration

When consideration is paid

- 5.1 Subject to clauses 5.3 and 5.4 of this Schedule 3, you will be paid the consideration you are entitled to within one month of the later of:
- (a) the date you accept the Option Offer (unless the Option Offer is withdrawn in accordance with the Corporations Act); and
 - (b) the date the Option Offer becomes unconditional.
- 5.2 In any event, you will be paid within 21 days after the end of the Offer Period (assuming that the Share Offer becomes unconditional).

Payments to Foreign Optionholders

- 5.3 If you accept the Option Offer and you are a Foreign Optionholder and JBL does not make a determination under section 12.11 of this Bidder's Statement:
- (a) JBL will arrange for the issue to the Nominee of the number of JBL Options to which you and all other Foreign Optionholders would have been entitled under the Option Offer but for clause 2.2 of this Schedule 3;

- (b) JBL will cause the Nominee to offer for sale the JBL Options as soon as practicable, or otherwise in the manner, at the price and on terms as are determined by the Nominee;
- (c) JBL will cause the Nominee to pay to you the amount calculated under the following formula:

$$\frac{\text{Net Proceeds of Sale} \times \text{Your JBL Options}}{\text{Total Nominee JBL Options}}$$

where:

- (i) **Net Proceeds of Sale** means the amount which is received by the Nominee upon the sale of all JBL Options under this clause 5.3 less brokerage and other sale expenses;
- (ii) **Your JBL Options** means the number of JBL Options which would, but for clause 2.2 of this Schedule 3, have been allotted to you under the Option Offer;
- (iii) **Total Nominee JBL Options** means the total number of JBL Options allotted to the Nominee under this clause 5.3;
- (d) you will receive your share of the proceeds of this sale in Australian currency;
- (e) payment will be made by cheque posted to you at your risk by ordinary mail at the address provided on your Acceptance Form; and
- (f) under no circumstances will interest be paid on your share of the proceeds of this sale, regardless of any delay in remitting these proceeds to you.

Where additional documents are required

5.4 Where the Acceptance Form requires additional documents to be given with your acceptance (such as a power of attorney), if the documents are given:

- (a) with your acceptance, JBL will provide the consideration in accordance with clause 5.1 of this Schedule 3;
- (b) after acceptance and before the end of the Offer Period and the Share Offer is subject to a Defeating Condition at the time that JBL is given the documents, JBL will provide the consideration by the end of whichever period ends earlier:
 - (i) within one month after the contract resulting from your acceptance of the Option Offer becomes unconditional; and
 - (ii) 21 days after the end of the Offer Period;
- (c) after acceptance and before the end of the Offer Period and the Option Offer is unconditional at the time that JBL is given the documents, JBL will provide the consideration by the end of whichever period ends earlier:
 - (i) one month after JBL is given the document; and
 - (ii) 21 days after the end of the Offer Period; or
- (d) after the end of the Offer Period, JBL will provide the consideration within 21 days after the documents are given, but if at the time JBL is given the documents, the contract

resulting from your acceptance of the Option Offer is still subject to the Share Offer becoming unconditional, JBL will provide the consideration within 21 days after that contract becomes unconditional.

- 5.5 If you do not give JBL the required additional documents within one month after the end of the Offer Period, JBL may, in its sole discretion, rescind the contract resulting from your acceptance of the Option Offer.

Where JBL is entitled to any Rights

- 5.6 If JBL becomes entitled to any Rights on acceptance of this Option Offer, you must give JBL all documents that JBL needs to give JBL title to those Rights. If you do not give those documents to JBL, or if you have received the benefit of those Rights, JBL will deduct from the consideration otherwise due to you the amount (or value, as reasonably assessed by JBL) of those Rights.

Payment to be mailed by cheque

- 5.7 Payment of the cash amount to which you are entitled will be mailed by cheque (or otherwise as agreed by JBL) in Australian currency. Cheques will be sent to the address on the Acceptance Form by pre-paid ordinary mail or, if you have an overseas address, by pre-paid airmail.

Clearances for offshore residents

- 5.8 If, at the time of acceptance of this Option Offer, you are resident in or of a place outside Australia, you will not be entitled to receive any consideration under this Option Offer until all requisite authorities or clearances of the Reserve Bank of Australia (whether under the *Banking (Foreign Exchange) Regulations 1959* (Cth) or otherwise), or of the Australian Taxation Office, have been obtained.

6 Conditions of the Option Offer

Conditions

- 6.1 This Option Offer and the contract that results from acceptance of this Option Offer are subject to the Share Offer becoming unconditional.

Nature of conditions

- 6.2 The condition in clause 6.1;
- (a) is a condition subsequent; and
 - (b) until the expiration of the Offer Period will be for the benefit of JBL alone and may be relied upon only by JBL.

Effect of breach or non-fulfilment

- 6.3 The breach or non-fulfilment of the condition in clause 6.1 does not prevent a contract arising to acquire your BHD Options resulting from your acceptance of this Option Offer. If at the end of the Offer Period:
- (a) JBL has not declared the Share Offer (and the Share Offer has not become) free from the condition in clause 6.1; or
 - (b) the condition in clause 6.1 has not been satisfied,

all contracts resulting from the acceptance of the Option Offer and all acceptances that have not resulted in binding contracts are void. In that case, JBL will return the Acceptance Form together with all documents to the address shown in the Acceptance Form.

JBL may decide Option Offer is free from the condition

- 6.4 JBL may at any time at its sole discretion but in compliance with section 650F and section 630(1) Corporations Act, declare the Option Offer free from the condition in clause 6.1 by written notice to BHD not later than seven days before the end of the Offer Period.

Date for giving notice on status of the condition

- 6.5 The date for giving a notice on the status of the condition in clause 6.1 as required by section 630(1) Corporations Act is the date seven days before the end of the Offer Period, subject to variation under section 630(2) Corporations Act if the Offer Period is extended.

Effect of acceptance

- 6.6 Once you have accepted this Option Offer, you will be unable to revoke your acceptance and the contract resulting from your acceptance will be binding on you, unless:
- (a) by the end of the Offer Period, the condition in clause 6.1 has not all been satisfied or waived in which case, this Option Offer will automatically terminate; and
 - (b) the circumstances set out in section 650E Corporations Act apply.
- 6.7 By signing and returning the Acceptance Form, you will be deemed to have:
- (a) irrevocably accepted this Option Offer (and each variation of this Option Offer) in respect of all your BHD Options despite any difference between that number and the number of BHD Options shown in the Acceptance Form;
 - (b) irrevocably authorised JBL to alter the Acceptance Form on your behalf by:
 - (i) inserting correct details of your BHD Options;
 - (ii) filling in any blanks remaining on the Acceptance Form; and
 - (iii) rectifying any errors in, and omissions from, the Acceptance Form,as may be necessary to make the Acceptance Form a valid acceptance of this Option Offer and to enable registration of the transfer of your BHD Options to JBL;
 - (c) represented and warranted to JBL, as a condition of the contract resulting from your acceptance of the Option Offer, that at the time of acceptance and at the time of transfer to JBL:
 - (i) you have paid to BHD all amounts which are due for payment for your BHD Options;
 - (ii) all of your BHD Options are fully paid and free from all mortgages, charges, liens and other encumbrances of any nature; and
 - (iii) you have full power and capacity to sell and transfer those BHD Options;

- (d) granted to JBL and each of its Directors power of attorney to sign any document or do any thing on your behalf necessary to cause BHD to issue a replacement option certificate (if any) for those BHD Options;
- (e) agreed to:
 - (i) do anything necessary to ratify any act taken or purported to be taken by JBL or any of its Directors under the power of attorney granted by clause 6.9(d) of this Schedule 3; and
 - (ii) indemnify JBL and each of its Directors in respect of that act;
- (f) from the time of acceptance until the Option Offer has become unconditional, until the earlier of the withdrawal of your acceptance under section 650E Corporations Act or the end of the Offer Period, irrevocably appointed JBL or any nominee of JBL as your attorney to exercise all your powers and rights attaching to your BHD Options including (without limitation) to requisition, convene, attend and vote at all meetings of BHD Optionholders or appoint a proxy or proxies to attend and vote on your behalf at that meeting, where the passing or defeat of any resolution before the meeting might adversely affect the likelihood of the Option Offer being successful and to do so in a way which would prevent that effect arising;
- (g) on this Option Offer or any takeover contract becoming unconditional, irrevocably appointed JBL or any nominee of JBL as your attorney to exercise all your powers and rights attaching to your BHD Options including (without limitation):
 - (i) to requisition, convene, attend and vote at all meetings of BHD Optionholders or appoint a proxy or proxies to attend and vote on your behalf at that meeting; and
 - (ii) sign all documents and resolutions relating to your BHD Options, and generally to exercise all powers and rights which you may have as a BHD Optionholder and perform actions as may be appropriate to vest good title in your BHD Options in JBL;
- (h) agreed that in exercising the powers conferred by the power of attorney in clause 6.3(g) of this Schedule 3, JBL is entitled to act in the interests of JBL;
- (i) agreed not to attend or vote in person at any general meeting of BHD or to exercise or purport to exercise any of the powers conferred on JBL or its nominee in clause 6.3(g) of this Schedule 3;
- (j) agreed to accept the JBL Options, to which you have become entitled by acceptance of this Option Offer, subject to the constitution of JBL and have authorised JBL to place your name on the register of members for those JBL Options; and
- (k) if your BHD Options are in a CHES Holding and you sign and return the Acceptance Form, irrevocably authorised JBL:
 - (i) to instruct your Controlling Participant to initiate acceptance of this Option Offer for your BHD Options under the ASX Settlement Operating Rules; and
 - (ii) to give any other instructions in relation to your BHD Options to your Controlling Participant on your behalf under the sponsorship agreement between you and that Controlling Participant.

Withdrawal

- 6.8 JBL may withdraw unaccepted Option Offers at any time with the written consent of ASIC and subject to the conditions (if any) specified in that consent.

Variation

- 6.9 JBL may vary this Option Offer in accordance with the Corporations Act.

7 Acceptances by transferees and nominees

Who may accept the Option Offer

- 7.1 During the Offer Period:

- (a) any person who is able to give good title to a parcel of BHD Options may accept (if they have not already accepted an offer in the form of this Option Offer) as if an offer on terms identical with this Option Offer has been made to that person; and
- (b) any person who holds one or more parcels of BHD Options as trustee, nominee, or otherwise on account of another person, may accept as if a separate offer had been made in relation to:
 - (i) each of those parcels; and
 - (ii) any parcel they hold in their own right.

Holding options

- 7.2 A person is taken to hold BHD Options if the person is, or is entitled to be registered as, the holder of those BHD Options.

Holding options on trust or as a nominee

- 7.3 A person is taken to hold BHD Options on trust for, as nominee for, or on account of, another person if that person:
- (a) is entitled to be registered as the holder of BHD Options; and
 - (b) holds the interest in the BHD Options on trust for, as nominee for, or on account of, that other person.

Effective acceptance

- 7.4 An acceptance of an Option Offer under clause 7.1(b) of this Schedule 3 is ineffective unless:
- (a) the person who holds on account of another person, gives that other person written notice stating that the BHD Options consist of a separate parcel; and
 - (b) the acceptance specifies the number of BHD Options in that parcel.

Notice of acceptance

- 7.5 A notice under clause 7.4(a) of this Schedule 3 must be made in writing.

- 7.6 A person may, at the one time, accept for two or more parcels under clause 7.6 of this Schedule 3 as if there had been a single offer for a separate parcel consisting of those parcels.

8 Other matters

Notices and other communications

- 8.1 Subject to the Corporations Act, a notice or other communication given by JBL to you in connection with this Option Offer is deemed to be duly given if it is in writing and:
- (a) is delivered at your address as recorded on the register of optionholders of BHD or the address shown in the Acceptance Form; and
 - (b) is sent by pre-paid ordinary mail, or in the case of an address outside Australia by pre-paid airmail, to you at either of those addresses.

Return of documents

- 8.2 If:
- (a) this Option Offer is withdrawn after your Acceptance Form has been sent to JBL, but before it has been received; or
 - (b) for any other reason JBL does not acquire the BHD Options to which your Acceptance Form relates,

JBL will despatch at your risk your Acceptance Form together with all other documents forwarded by you.

9 Costs and expenses

All costs and expenses of the preparation, despatch and circulation of the Option Offer and all stamp duty payable for a transfer of BHD Options for which Option Offers are accepted, will be paid by JBL.

10 Official quotation of JBL Options

- 10.1 Subject to clause 1 of this Schedule 3, the JBL Options offered by JBL as consideration under the Option Offer will rank equally with JBL Options on issue at the Register Date.
- 10.2 JBL has been admitted to the official list of NSX and options of the same class as those to be issued as consideration under the Option Offer have been granted official quotation by NSX.
- 10.3 An application will be made within seven days after the start of the bid period (as defined in the Corporations Act) to the NSX for the granting of official quotation of the JBL Options to be issued in accordance with the Option Offer. However, official quotation is not granted automatically on application.

- 10.4 Under section 625(3) Corporations Act, the Option Offer is subject to a condition that application for admission to quotation of the JBL Options issued under the Option Offer is made within seven days after the start of the bid period (as that term is defined in the Corporations Act) and permission for admission to quotation will be granted no later than seven days after the end of the bid period (as that term is defined in the Corporations Act). This condition may not be waived.

Schedule 4

JBL announcements to NSX since 1 July 2018

| Date | Announcement |
|-------------------|--|
| 10 July 2018 | 41999 NSX General Market Disclosure Other - JB Financial Group acquisition update |
| 12 July 2018 | 40140 NSX Section 205G Notice Initial/Final Director's Interests - Final Director's Interests Notice - S Richardson |
| 12 July 2018 | 40140 NSX Section 205G Notice Initial/Final Director's Interests - Final Director's Interests Notice - V Gordon |
| 20 July 2018 | 41999 NSX General Market Disclosure Other - Update on on-market buy-back |
| 6 August 2018 | 40370 NSX On Market BuyBack - Update on on-market buy-back |
| 8 August 2018 | 41999 NSX General Market Disclosure Other - NSX Reviewing The Update To On-Market Buy-Back |
| 13 August 2018 | 40370 NSX On Market BuyBack - On-market share buy-back update |
| 27 August 2018 | 40080 NSX Query - General Disclosure Query - 22 August 2018 |
| 27 August 2018 | 40081 NSX Response to Query - Response to General Disclosure Query - 22 Aug 2018 |
| 29 August 2018 | 40050 NSX Suspension from Official Quotation - Company securities suspended from Official Quotation |
| 10 September 2018 | 40299 NSX Takeover Other - JBL announces scrip bids for BHD and BHD |
| 13 September 2018 | 40370 NSX On Market BuyBack - On-market share buy-back update |
| 14 September 2018 | 40530 NSX Preliminary/Final Statement - Preliminary Final Report |
| 14 September 2018 | 40051 NSX Reinstatement to Official Quotation - Reinstatement to Official Quotation |
| 17 September 2018 | 40030 NSX Trading Halt - Trading Halt |
| 18 September 2018 | 40370 NSX On Market BuyBack - Update on on-market buy-back |
| 18 September 2018 | 40030 NSX Trading Halt - Securities Remain in Trading Halt |
| 19 September 2018 | 40370 NSX On Market BuyBack - Update on on-market buy-back |
| 19 September 2018 | 40031 NSX Trading Halt Status - Securities to remain under trading halt |
| 20 September 2018 | 41999 NSX General Market Disclosure Other - Business update |
| 20 September 2018 | 40370 NSX On Market BuyBack - On-market share buy-back update |
| 20 September 2018 | 40051 NSX Reinstatement to Official Quotation - Reinstatement to Official Quotation |
| 20 September 2018 | 40370 NSX On Market BuyBack - On-market share buy-back update |
| 27 September 2018 | 40370 NSX On Market BuyBack - Update on on-market share buy-back |
| 1 October 2018 | 40030 NSX Trading Halt - Request for Trading Halt |
| 1 October 2018 | 40030 NSX Trading Halt - Trading Halt - Failure to lodge Audited Annual Financials - 30 June 2018 |
| 3 October 2018 | 40050 NSX Suspension from Official Quotation - Suspended - Failure to lodge Audited Annual Financials - 30 June 2018 |
| 11 October 2018 | 40299 NSX Takeover Other - Update on off-market takeover bids for Henry Morgan and Benjamin Hornigold |

| Date | Announcement |
|------------------|---|
| 11 October 2018 | 41999 NSX General Market Disclosure Other – Commentary on market conditions |
| 22 October 2018 | 40510 NSX Annual Report – 2018 Annual Report |
| 22 October 2018 | 40051 NSX Reinstatement to Official Quotation – Reinstatement to Official Quotation – Audited Annual Financial Statements for 30 June 2018 lodged |
| 22 October 2018 | 41999 NSX General Market Disclosure Other – Capital raising update |
| 23 October 2018 | 40299 NSX Takeover Other – Update on off-market takeover bids |
| 31 October 2018 | 40910 NSX Notice of Annual General Meeting - Notice of Annual General Meeting 2018 |
| 01 November 2018 | 40299 NSX Takeover Other - Lodgement of Bidder's Statements |
| 02 November 2018 | 41999 NSX General Market Disclosure Other - JB Financial Group 2018 Annual Report |
| 05 November 2018 | 40080 NSX Query - Periodic Disclosure Query |
| 05 November 2018 | 40081 NSX Response to Query - Response to Periodic Disclosure Query |
| 09 November 2018 | 40299 NSX Takeover Other - Dispatch of Bidder's Statement and Offer completed |
| 09 November 2018 | 40299 NSX Takeover Other - Dispatch of Bidder's Statement and Offer completed |
| 09 November 2018 | 40299 NSX Takeover Other - Clarification regarding Bidder's Statements |
| 16 November 2018 | 40080 NSX Query - General Disclosure Query |
| 16 November 2018 | 40081 NSX Response to Query - Response to General Disclosure Query |
| 20 November 2018 | 40080 NSX Query - NSX General Disclosure Query |
| 20 November 2018 | 40081 NSX Response to Query - Response to NSX General Disclosure Query |
| 21 November 2018 | 40299 NSX Takeover Other - Update on off-market takeover bid for Henry Morgan |
| 21 November 2018 | 41999 NSX General Market Disclosure Other - Capital raising update |
| 23 November 2018 | 40299 NSX Takeover Other - Off-Market Takeover Bid for Benjamin Hornigold Ltd |
| 23 November 2018 | 40299 NSX Takeover Other - Off-Market Takeover Bid for Henry Morgan |
| 23 November 2018 | 40920 NSX Notice of Extraordinary Meeting - Notice of Extraordinary General Meeting |
| 27 November 2018 | 40299 NSX Takeover Other - Update and ongoing progress of JBL takeover bids |
| 30 November 2018 | 41999 NSX General Market Disclosure Other - John Bridgeman announces new finance facilities |
| 03 December 2018 | 40930 NSX Results of Meeting - 2018 Annual General Meeting Results |
| 06 December 2018 | 40299 NSX Takeover Other - Letter to Bidder serving BHD Target's Statement |
| 06 December 2018 | 40299 NSX Takeover Other - Letter to Bidder serving HML Target's Statement |
| 12 December 2018 | 41999 NSX General Market Disclosure Other - JBL confirms details of JBFG finance facilities |
| 24 December 2018 | 40930 NSX Results of Meeting - Results of EGM |
| 24 December 2018 | 40299 NSX Takeover Other - Update on JBL Takeover Offer BHD |

| Date | Announcement |
|------------------|---|
| 24 December 2018 | 40299 NSX Takeover Other - Update on JBL Takeover Offer HML |
| 31 December 2018 | 40299 NSX Takeover Other - Media Release - Takeovers Panel Receives Applications |
| 02 January 2019 | 40299 NSX Takeover Other - Media Release - Panel Makes Interim Orders |
| 07 January 2019 | 40299 NSX Takeover Other - Status of defeating conditions for BHD Offer |
| 07 January 2019 | 40299 NSX Takeover Other - Status of defeating conditions for HML Offers |
| 10 January 2019 | 40299 NSX Takeover Other - Change in substantial holding notice |
| 22 January 2019 | 40299 NSX Takeover Other - Notice of Extension of HML Offer Period |
| 22 January 2019 | 40299 NSX Takeover Other - Notice of Extension of BHD Offer Period |
| 24 January 2019 | 40299 NSX Takeover Other - Variation to HML Offer |
| 24 January 2019 | 40299 NSX Takeover Other - Variation to BHD Offer |
| 25 January 2019 | 40588 NSX Media Release - Media Release - TOV Declaration of Unacceptable Circumstances |
| 31 January 2019 | 40588 NSX Media Release - TOV Panel receives review applications |
| 08 February 2019 | 40588 NSX Media Release - TOV Panel Orders |
| 08 February 2019 | 40299 NSX Takeover Other - JBL Extension of offer period for HML Offer |
| 08 February 2019 | 40299 NSX Takeover Other - JBL Extension of offer period for BHD Offer JBL Extension of offer period for BHD Offer |
| 12 February 2019 | 40588 NSX Media Release - TOV Panel Correction of the Declaration of Unacceptable Circumstances |
| 14 February 2019 | 40588 NSX Media Release - TOV Panel Applications Withdrawn |
| 18 February 2019 | 40299 NSX Takeover Other - Extension of offer period for HML Offer |
| 18 February 2019 | 40299 NSX Takeover Other - Extension of offer period for BHD Offer |
| 18 February 2019 | 40299 NSX Takeover Other - Second supplementary bidder's statement - BHD |
| 18 February 2019 | 40299 NSX Takeover Other - Second supplementary bidder's statement - HML |
| 19 February 2019 | 40299 NSX Takeover Other - BHD First Supplementary Target's Statement |
| 19 February 2019 | 40299 NSX Takeover Other - HML First Supplementary Target's Statement |
| 20 February 2019 | 40299 NSX Takeover Other - Cancellation of acceptances - BHD |
| 20 February 2019 | 40299 NSX Takeover Other - Cancellation of acceptances - HML |
| 4 March 2019 | 41999 NSX General Market Disclosure Other - JB Financial Group acquisition update |
| 5 March 2019 | 40299 NSX Takeover Other - Update on BHD takeover offer |
| 7 March 2019 | 40299 NSX Takeover Other - Repayment to BHD |
| 7 March 2019 | 40260 NSX Supplementary Target's Statement - HML Second Supplementary Target's Statement |
| 12 March 2019 | 40299 NSX Takeover Other - BHD Update on Orders |
| 13 March 2019 | 40299 NSX Takeover Other - Third supplementary bidder's statement - BHD |
| 14 March 2019 | 40540 NSX Half Yearly Report - Half Yearly Report |
| 18 March 2019 | 40299 NSX Takeover Other – TOV Panel – Henry Morgan Limited – Variation of Orders |

| Date | Announcement |
|---------------|--|
| 19 March 2019 | 40299 NSX Takeover Other - Replacement Bidder's Statement - HML |
| 25 March 2019 | 40299 NSX Takeover Other - Update on orders |
| 01 April 2019 | 40299 NSX Takeover Other - HML Third Supplementary Target's Statement |
| 01 April 2019 | 40299 NSX Takeover Other - Confirmation of payment |
| 01 April 2019 | 40399 NSX Issued Capital Other - Application for Quotation of Additional Securities |
| 02 April 2019 | 40299 NSX Takeover Other - HML Update on Orders |
| 08 April 2019 | 40299 NSX Takeover Other - HML Fourth Supplementary Target's Statement |
| 09 April 2019 | 40150 NSX Section 205G Notice Change in Director's Interests - Change of Director's Interest - S McAuliffe |
| 09 April 2019 | 40150 NSX Section 205G Notice Change in Director's Interests - Change of Director's Interest - J McAuliffe |
| 10 April 2019 | 40050 NSX Suspension from Official Quotation - Company Suspended from Official Quotation |
| 11 April 2019 | 40299 NSX Takeover Other - Supplementary Bidder's Statement - HML |
| 12 April 2019 | 40399 NSX Issued Capital Other - Application for Quotation of Additional Securities |
| 11 April 2019 | 40299 NSX Takeover Other - HML Fifth Supplementary Target's Statement |
| 12 April 2019 | 40080 NSX Query - Financial Disclosure Query |
| 12 April 2019 | 40080 NSX Query - General Disclosure Query |
| 12 April 2019 | 40081 NSX Response to Query - Response to the General Disclosure Query and the Financial Disclosure Query |
| 15 April 2019 | 40150 NSX Section 205G Notice Change in Director's Interests - Change in Director's Interest - R Patane |
| 16 April 2019 | 40299 NSX Takeover Other - Update on takeover offer for Henry Morgan Limited |
| 17 April 2019 | 40080 NSX Query - Financial Disclosure Query |
| 17 April 2019 | 40081 NSX Response to Query - Response to Financial Disclosure Query |
| 17 April 2019 | 40120 NSX Change in Substantial Shareholder - Change in Substantial Shareholder |
| 18 April 2019 | 40399 NSX Issued Capital Other - Application for Quotation of Additional Securities |
| 24 April 2019 | 40080 NSX Query - Disclosure Query |
| 24 April 2019 | 40081 NSX Response to Query - Response to Disclosure Query |
| 26 April 2019 | 40299 NSX Takeover Other - JBL to make takeover offer for BHD |
| | |
| 29 April 2019 | 40080 NSX Query - General Disclosure Query |
| 29 April 2019 | 40081 NSX Response to Query - Response to General Disclosure Query |
| 1 May 2019 | 40080 NSX Query – General Disclosure Query |
| 1 May 2019 | 40081 NSX Response to Query – Response to General Disclosure Query |

Schedule 5

Foreign Shareholders in Singapore

This Bidder's Statement, including its schedules, any announcements made by BHD and/or JBL in relation to the Offers (**Offer Documentation**) and any other materials relating to the Offer and the BHD Shares and/or JBL Shares do not constitute a prospectus as defined in the Securities and Futures Act, Chapter 289 of Singapore (**SFA**) and have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. The Offer Documentation and any other documents or materials in connection with the offer or sale, or invitation for subscription or purchase, of JBL Shares, may not be issued, circulated or distributed, nor may the JBL Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than: (i) an 'institutional investor' (as defined in section 4A(1) of the SFA); (ii) a 'relevant person' (as defined in section 275(2) of the SFA); (iii) persons pursuant to offers referred to in section 275(1A) of the SFA; or (iv) or pursuant to and in accordance with, the conditions of any other applicable provisions of the SFA.

In accepting the Offer Documentation, you are (i) an 'institutional investor' (as defined in section 4A(1) of the SFA); (ii) a 'relevant person' (as defined in section 275(2) of the SFA) or (iii) persons pursuant to offers referred to in section 275(1A) of the SFA and agree to be bound by the limitations and restrictions described herein. In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate the Offer Documentation to any other person in Singapore.

You should note that any offer contained in the Offer Documentation is subject to resale restrictions and, if you accept such offer, you shall not be able to make any subsequent sale in Singapore, or any offer of such subsequent sale in Singapore, of the JBL Shares unless such sale or offer in Singapore is made in accordance with Part XIII Division (1) Subdivision (4) of the SFA. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly. In particular, where the offer has been accepted by a "relevant person" (as defined in section 275(2) of the SFA), such "relevant person" shall not be able to make any offer and subsequent sale of the JBL Shares in Singapore unless it is to (i) an "institutional investor" (as defined in section 4A(1) of the SFA); (ii) another "relevant person" (as defined in section 275(2) of the SFA) or (iii) any person pursuant to an offer referred to in section 275(1A) of the SFA.

Where the offer has been accepted by a "relevant person" which is (a) a corporation (which is not an "accredited investor" (as defined in section 275(2) of the SFA)) and the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the securities pursuant to an offer made under section 275 of the SFA except to an "institutional investor" (as defined in section 4A(1) of the SFA) or to a "relevant person" (as defined in section 275(2) of the SFA), or to any person pursuant to an offer referred to in section 275(1A) of the SFA; or where no consideration is or will be given for the transfer; or where the transfer is by operation of law; or as specified in Section 276(7) of the SFA; or as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Nothing in the Offer Documentation and any other document or material in connection with the offer or BHD Shares and/or JBL Shares constitutes, or may not be used in connection with, an offer of securities or solicitation in any jurisdiction where such an offer or solicitation is not authorized or is unlawful.

Corporate directory

Company

John Bridgman Limited
Level 9, 123 Eagle Street
BRISBANE QLD 4000
+61 1300 108 495
www.johnbridgeman.com.au

Legal Advisers

McCullough Robertson Lawyers
Level 11
Central Plaza Two
66 Eagle Street
BRISBANE QLD 4000
+61 7 3233 8888
www.mccullough.com.au

Directors

Mr John McAuliffe – Chairman
Mr Stuart McAuliffe – Managing Director
Mr Ross Patane – Non-executive Director

Share Registry

Link Market Services Limited
Level 21, 10 Eagle Street
BRISBANE QLD 4000
+ 61 1300 554 474
www.linkmarketservices.com.au

Annexure

John Bridgeman Limited half-year financial report for the period ending 31 December 2018

John Bridgeman Limited
NSX form 2A
31 December 2018

FORM: Half yearly/~~preliminary~~ final report

Name of issuer

JOHN BRIDGEMAN LIMITED

| | | | |
|-----------------------|-------------------------------------|--------------------------|---|
| ACN or ARBN | Half yearly (tick) | Preliminary final (tick) | Half year/financial year ended ('Current period') |
| 55 603 477 185 | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 31 December 2018 |

For announcement to the market

Extracts from this statement for announcement to the market (see note 1).

| | | | | |
|--|--------------------|----------------|----|-------------------------------|
| | | | | \$A,000 |
| Revenue (item 1.1) | up/down | 5% | to | 26,731 |
| Profit (loss) for the period (item 1.9) | up/down | 71% | to | (1,525) |
| Profit (loss) for the period attributable to members of the parent (item 1.11) | up/down | 60% | to | (951) |
| Dividends | | Current period | | Previous corresponding period |
| Franking rate applicable: | | N/A | | N/A |
| Final dividend (preliminary final report only)(item 10.13-10.14) | | N/A | | N/A |
| Amount per security | | | | |
| Franked amount per security | | | | |
| Interim dividend (Half yearly report only) (item 10.11 – 10.12) | | N/A | | N/A |
| Amount per security | | | | |
| Franked amount per security | | | | |
| Short details of any bonus or cash issue or other item(s) of importance not previously released to the market: | | | | |
| N/A | | | | |

John Bridgeman Limited
NSX form 2A
31 December 2018

NTA Backing

| | Current period | Previous corresponding period |
|---|----------------|-------------------------------|
| Net tangible asset backing per ordinary <i>security</i> | \$(0.16) | \$0.52 |

Compliance statement

1. This statement has been prepared under accounting policies which comply with accounting standards as defined in the *Corporations Act* or other standards acceptable to the Exchange (see note 13).

Identify other standards used

2. This statement, and the financial statements under the *Corporations Act* (if separate), use the same accounting policies.


3. This statement does give a true and fair view of the matters disclosed (see note 2).

4. This statement is based on financial statements to which one of the following applies:

- | | |
|---|--|
| <input type="checkbox"/> The financial statements have been audited. | <input checked="" type="checkbox"/> The financial statements have been subject to review by a registered auditor (or overseas equivalent). |
| <input type="checkbox"/> The financial statements are in the process of being audited or subject to review. | <input type="checkbox"/> The financial statements have <i>not</i> yet been audited or reviewed. |

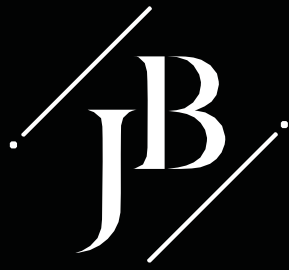
5. The Audit Review Report is attached

6. The *issuer* has a formally constituted audit committee.

Sign here: 
 (Director/Company secretary)

Date: 14 March 2019

Print name: Kevin Mischewski



JOHN.BRIDGEMAN



INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED
31 DECEMBER 2018
JOHN BRIDGEMAN LIMITED
ACN 603 477 185

John Bridgeman Limited
Directors' report
31 December 2018

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of John Bridgeman Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled (for the purposes of the Accounting Standards only) at the end of, or during, the half-year ended 31 December 2018.

Directors

The following persons were directors of John Bridgeman Limited (JBL) during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

John McAuliffe - Chairman
 Stuart McAuliffe - Managing Director
 Rosario Patane - Non-Executive Director
 Vincent Gordon - Non-Executive Director (appointed 3 October 2017, resigned 10 July 2018)
 Simon Richardson - Non-Executive Director (appointed 3 October 2017, resigned 10 July 2018)

Principal activities

The principal activities of the Company during the year consisted of providing investment management services to Henry Morgan Limited (HML), Bartholomew Roberts Pty Ltd (BRL), and Benjamin Hornigold Ltd (BHD), as well as investing either directly or indirectly in listed and unlisted companies. Unlisted companies in which the Company has had a direct or indirect investment are based in various sectors, primarily:

- financial services including broking and currency exchange;
- physical audits and mercantile agency services, as well as investigations, brand protection, surveillance, background screening and security sweeps across Australia and New Zealand;
- international casual dining franchises for international brands

Our business model and objectives

The Company aims to deliver shareholder returns and capital growth by providing cost efficient, high quality investment management services, exposure to global investment markets and diverse and defensible private equity investments with corresponding inelastic income streams which allows Board, key management and shareholders' interests to be aligned.

Review of operations

Operating results

| | 31 Dec 2018 | 31 Dec 2017 | Change | Change |
|---|--------------------|--------------------|---------------|---------------|
| | \$ | \$ | \$ | % |
| Loss before tax | (2,310,500) | (7,337,691) | 5,027,191 | 69% |
| Net loss after tax | (1,525,777) | (5,210,481) | 3,684,704 | 71% |
| Net investment losses | (379,365) | (1,297,684) | 918,319 | 71% |
| Management and performance fee revenue | 608,863 | 1,567,015 | (958,152) | (61%) |
| Operating revenue | 26,731,274 | 25,431,829 | 1,299,445 | 5% |
| Income tax benefit | 784,723 | 2,127,210 | (1,342,487) | (63%) |
| Earnings per share - basic (cents, rounded to nearest cent) | (4) | (9) | 5 | 56% |
| Earnings per share - diluted (cents, rounded to nearest cent) | (4) | (9) | 5 | 56% |

For the half year ended 31 December, the loss for the Group after tax amounted to \$1,525,777. This compared to the loss after tax for the half year ended 31 December 2017 of \$5,210,481.

John Bridgeman Limited
Directors' report
31 December 2018

In the financial year ending 30 June 2018, the consolidated group experienced a large number of one-off costs and some impairments. The directors consider this normal for a consolidated group of this scale and with various business divisions in the first stage of their business cycle.

The annualised consolidated revenue is continually improving and management expects revenue to continue to improve over the course of the next six months.

Significant cost reduction measures have been realised and continue to be executed. Approximately \$4.0 million (annualised) in cost reductions have been made within the consolidated group, with an additional \$2.7 million expected to be implemented over the near term through plans to increase cost efficiencies, synergies, contractor scale discounts and restructuring.

As indicated in the above review, there has been significant positive change to the performance of the businesses within the consolidated group during the half year. The directors believe that this should continue as the integration of businesses is finalised, which will allow management to focus on further revenue generation and cost efficiencies. The reduction of excess legal and accounting fees is a primary area of focus for the Company over the near term.

Operating expenditure throughout the consolidated group is declining, while revenue is increasing. The more established businesses within JB Financial Group have performed extremely well and performance for the remainder of this financial year is expected to be strong. The newer businesses are developing well, and are expected to contribute meaningfully to the financial performance of the consolidated group over the near term. The directors view the Company's outlook and future as positive.

Going Concern

For the half year ended 31 December, the loss for the Group after tax amounted to \$1,525,777 and net cash used in operating activities was \$157,762. Notwithstanding the reported results, this financial report has been prepared on a going concern basis as the directors consider that the Company and the consolidated entity will be able to realise their assets and settle their liabilities in the normal course of business and at amounts stated in the financial report.

The directors have made enquiries of management, examined the Group's current financial position and financial forecasts. Despite any uncertainty that may cast doubt about the Group's ability to continue as a going concern the directors have a reasonable expectation that the Company and the Group has adequate financial resources to continue as a going concern.

Significant matters identified by the directors include:

- The reported loss is not considered by the directors to reflect the expected future performance of the Group. Operating expenses for the reporting period included non-recurring and non-cash expenses arising from restructuring costs, fair value adjustments, impairment, depreciation and amortisation costs.
- Cost reductions implemented in the first half of calendar year 2018 are expected to provide positive operating cash flows to the Group over the medium term. Having absorbed the initial acquisition, restructuring and development costs within the Group, management of capital expenditure and growth is forecast to reduce short term funding required for growth of the business divisions.

The continuation of the Company and the Group as a going concern is dependent on their ability to achieve the following objectives:

- Forecast positive cash flows from operations;
- Proposed capital expenditure management;
- Capital raisings by way of debt or equity;
- Realisation of surplus assets and sale of existing assets or companies either by a float or trade sale.

Should the anticipated capital raisings not generate the expected cash flows, the Company may not be able to meet its debts as and when they become due and payable, and it may be required to realise assets and extinguish liabilities other than in the ordinary course of business and at amounts different from those stated in the financial statements. This report does not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company and the Group not continue as going concerns.

Changes in investments in the Group

From the start of the financial year to 31 December 2018, the Company acquired 886,856 shares from third parties. These transactions increased the Company's direct investment in JB Financial Group (JBFG) to 2,037,419 shares (7.57%) (2018: 1,150,563 shares (4.27%)), taking the Company's investment in JBFG to \$11,231,307 (2018: \$7,031,582).

John Bridgeman Limited
Directors' report
31 December 2018

Share buy-back

On 3 August 2018, the Company bought back 1,935,158 of shares (and attached options) in an on-market buy-back at the original issue price, reducing paid up capital by \$3,967,074. On 20 September a further 464,083 shares were bought back on market reducing share capital by \$724,825.

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial half-year

JBL takeover offers for Henry Morgan Limited and Benjamin Hornigold Limited

On 10 September 2018, the Company announced its intention to make off-market scrip takeover bids:
- to acquire all of the issued shares in Henry Morgan Limited (HML) that it did not currently own; and
- to acquire all of the issued shares and options in Benjamin Hornigold Limited (BHD) that it did not currently own.
The Company declared both bids free from conditions on 24 December 2018.

On 28 December 2018, an application was made by certain shareholders in HML and BHD to the Takeovers Panel in respect of both bids. At the time of the application, JBL had a relevant interest in 53.56% of the shares in the HML and 38.87% of the shares in BHD.

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

On 25 January 2019, the Panel made separate declarations of unacceptable circumstances in relation to the affairs of HML and BHD, and made final orders on 8 February 2019, which were released via the NSX announcements platform. As a result, all acceptances received by the Company under the bids were cancelled on 19 February 2019. On 5 March 2019, the Company announced its decision not to proceed further with its bid for BHD. However, the Company is proceeding with its bid for HML and intends to issue a replacement bidder's statement to HML shareholders including certain information prescribed in the orders.

Non-current liabilities - borrowings repaid

On 17 September 2018, the Company entered into a repayment arrangement for \$4,500,000 to be repaid on 18 March 2020, with an interest rate of 11.5% per annum. As at 31 December 2018, the balance owing was \$4,500,000 with all accrued interest paid (refer to note 21). The loan has since been repaid.

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

Convertible Notes

The Company has 2,227,850 unsecured convertible notes on issue with a face value of \$1.58. The notes were issued on 6 April 2017 and mature on 6 April 2022. Each note may be converted into one fully paid ordinary share prior to maturity.

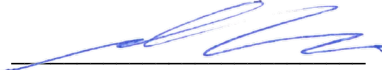
Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

John Bridgeman Limited
Directors' report
31 December 2018

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

On behalf of the directors



Stuart McAuliffe
Managing Director

14 March 2019



PILOT PARTNERS
Chartered Accountants
Level 10, Waterfront Place
1 Eagle St. Brisbane 4000
PO Box 7095 Brisbane 4001
Queensland Australia
P +61 7 3023 1300
F +61 7 3229 1227
pilotpartners.com.au

AUDITOR'S INDEPENDENCE DECLARATION

UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

JOHN BRIDGEMAN LIMITED

I declare that to the best of my knowledge and belief, during the half-year ended 31 December 2018, there have been:

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

PILOT PARTNERS

Chartered Accountants

CHRIS KING

Partner

Signed on

14 March 2019

Level 10
1 Eagle Street
Brisbane Qld 4000

John Bridgeman Limited
Contents
31 December 2018

| | |
|--|----|
| Statement of profit or loss and other comprehensive income | 7 |
| Statement of financial position | 8 |
| Statement of changes in equity | 9 |
| Statement of cash flows | 11 |
| Notes to the financial statements | 12 |
| Directors' declaration | 44 |
| Independent auditor's review report to the members of John Bridgeman Limited | 45 |

General information

The financial statements cover John Bridgeman Limited as a consolidated entity consisting of John Bridgeman Limited and the entities treated as subsidiaries for purposes of the accounting standards at the end of, or during, the year. The financial statements are presented in Australian dollars, which is John Bridgeman Limited's functional and presentation currency.

John Bridgeman Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

Level 9, 123 Eagle Street
Brisbane, QLD, 4000
Australia

Principal place of business

Level 9, 123 Eagle Street
Brisbane, Queensland, 4000
Australia

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 14 March 2019.

John Bridgeman Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2018

| | Note | Consolidated | |
|--|-------------|---------------------|--------------------|
| | | 31 Dec 2018 | 31 Dec 2017 |
| | | \$ | \$ |
| Revenue | 6 | 26,731,274 | 25,431,829 |
| Other income/(losses) | 7 | 1,368,010 | (1,116,566) |
| Expenses | | | |
| Operating expenses | 8 | (8,104,299) | (10,042,134) |
| Traders fees | 9 | (2,298,576) | (678,076) |
| Employee benefits expense | | (10,836,961) | (11,133,994) |
| Professional services expenses | 10 | (5,182,275) | (5,029,918) |
| Other expenses | 11 | (2,971,034) | (3,532,739) |
| Impairment of assets | 19 | (87,271) | (852,973) |
| Facility fees | | (175,150) | - |
| Interest expense | | (754,218) | (383,120) |
| Loss before income tax benefit | | (2,310,500) | (7,337,691) |
| Income tax benefit | 12 | 784,723 | 2,127,210 |
| Loss after income tax benefit for the half-year | | (1,525,777) | (5,210,481) |
| Other comprehensive income | | | |
| Items that may be reclassified subsequently to profit or loss | | | |
| Foreign currency translation | | - | 537 |
| Other comprehensive income for the half-year, net of tax | | - | 537 |
| Total comprehensive income for the half-year | | <u>(1,525,777)</u> | <u>(5,209,944)</u> |
| Loss for the half-year is attributable to: | | | |
| Non-controlling interest | | (574,776) | (2,824,758) |
| Owners of John Bridgeman Limited | 23 | (951,001) | (2,385,723) |
| | | <u>(1,525,777)</u> | <u>(5,210,481)</u> |
| Total comprehensive income for the half-year is attributable to: | | | |
| Non-controlling interest | | (574,776) | (2,882,544) |
| Owners of John Bridgeman Limited | | (951,001) | (2,327,400) |
| | | <u>(1,525,777)</u> | <u>(5,209,944)</u> |
| | | Cents | Cents |
| Basic earnings per share | | (3.81) | (9.30) |
| Diluted earnings per share | | (3.81) | (9.30) |

Refer to note 4 for detailed information on Restatement of comparatives.

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

John Bridgeman Limited
Statement of financial position
As at 31 December 2018

| | | Consolidated | | |
|---|-------------|---------------------|--------------------|--------------------|
| | Note | 31 Dec 2018 | 30 Jun 2018 | 1 July 2017 |
| | | \$ | \$ | \$ |
| Assets | | | | |
| Current assets | | | | |
| Cash and cash equivalents | 13 | 19,359,871 | 18,919,136 | 11,643,090 |
| Trade and other receivables | 14 | 2,850,298 | 8,160,739 | 16,411,919 |
| Balances held with brokers | | 2,464,596 | 3,414,108 | - |
| Inventory | | 45,999 | 45,511 | 48,039 |
| Derivative financial assets | | 42,520 | 58,448 | - |
| Term deposits | | 732,833 | 908,225 | 593,793 |
| Purchased debt ledgers | | 147,026 | 157,288 | 700,212 |
| Other current assets | 15 | 1,083,863 | 1,322,069 | 395,692 |
| Total current assets | | <u>26,727,006</u> | <u>32,985,524</u> | <u>29,792,745</u> |
| Non-current assets | | | | |
| Investments at fair value through profit and loss | 16 | 3,570,191 | 3,581,897 | 6,670,679 |
| Property, plant and equipment | 17 | 5,320,403 | 5,658,627 | 4,302,449 |
| Intangibles | 18 | 42,798,044 | 42,880,855 | 32,985,886 |
| Deferred tax | 12 | 8,975,614 | 7,839,998 | 3,310,103 |
| Purchased debt ledgers | 19 | 348,624 | 434,662 | 2,099,788 |
| Security deposits | | 887,749 | 764,004 | 91,113 |
| Total non-current assets | | <u>61,900,625</u> | <u>61,160,043</u> | <u>49,460,018</u> |
| Total assets | | <u>88,627,631</u> | <u>94,145,567</u> | <u>79,252,763</u> |
| Liabilities | | | | |
| Current liabilities | | | | |
| Trade and other payables | | 18,785,362 | 31,658,532 | 8,378,468 |
| Borrowings | 20 | 3,530,121 | 3,030,158 | 2,228,943 |
| Income tax | 12 | 587,613 | 80,851 | 3,199,492 |
| Provisions | | 1,018,149 | 1,458,988 | 792,138 |
| Total current liabilities | | <u>23,921,245</u> | <u>36,228,529</u> | <u>14,599,041</u> |
| Non-current liabilities | | | | |
| Payables | | 265,255 | 303,691 | 1,212,283 |
| Borrowings | 21 | 21,577,203 | 5,285,954 | 5,813,467 |
| Derivative financial instruments | | 556,079 | - | - |
| Deferred tax | 12 | 2,659,495 | 2,420,881 | 1,069,171 |
| Provisions | | 676,625 | 683,257 | 542,342 |
| Total non-current liabilities | | <u>25,734,657</u> | <u>8,693,783</u> | <u>8,637,263</u> |
| Total liabilities | | <u>49,655,902</u> | <u>44,922,312</u> | <u>23,236,304</u> |
| Net assets | | <u>38,971,729</u> | <u>49,223,255</u> | <u>56,016,459</u> |
| Equity | | | | |
| Issued capital | 22 | 20,875,481 | 25,567,380 | 20,216,505 |
| Reserves | | (8,668,520) | (10,255,395) | (6,003,026) |
| Accumulated losses | 23 | (9,330,209) | (8,379,208) | 2,741,015 |
| Equity attributable to the owners of John Bridgeman Limited | | 2,876,752 | 6,932,777 | 16,954,494 |
| Non-controlling interest | | 36,094,977 | 42,290,478 | 39,061,965 |
| Total equity | | <u>38,971,729</u> | <u>49,223,255</u> | <u>56,016,459</u> |

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

John Bridgeman Limited
Statement of changes in equity
For the half-year ended 31 December 2018

| 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 |
| Adjustment for reclassification due to adoption of AASB 9 (note 4) | - | - | (130,143) | (299,838) | (429,981) |
| Adjustment for reclassification due to adoption of AASB 15 (note 4) | - | - | (7,962) | (18,344) | (26,306) |
| Balance at 1 July 2017 - restated | 20,216,505 | (6,003,026) | 2,741,015 | 39,061,969 | 56,016,463 |
| Loss after income tax benefit for the half-year | - | - | (2,385,723) | (2,824,758) | (5,210,481) |
| Other comprehensive income for the half-year, net of tax | - | 537 | - | - | 537 |
| Total comprehensive income for the half-year | - | 537 | (2,385,723) | (2,824,758) | (5,209,944) |
| Share-holder interest reserve reclassified to NCI | - | (297,540) | - | 297,540 | - |
| Transactions with owners in their capacity as owners: | | | | | |
| Contributions of equity, net of transaction costs | 4,797,712 | - | - | - | 4,797,712 |
| Exercise of options on convertible notes | 545,819 | - | - | - | 545,819 |
| 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 |
| Adjustment for reclassification due to adoption of AASB 9 (note 4) | - | - | (49,433) | (551,737) | (601,170) |
| Adjustment for reclassification due to adoption of AASB 15 (note 4) | - | - | - | (208,748) | (208,748) |
| Balance at 31 December 2017 | <u>25,560,036</u> | <u>(6,300,029)</u> | <u>305,859</u> | <u>41,037,263</u> | <u>60,603,129</u> |

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

John Bridgeman Limited
Statement of changes in equity
For the half-year ended 31 December 2018

| Consolidated | Issued capital \$ | Reserves \$ | Retained profits/ (losses) \$ | Non- controlling interest \$ | Total equity \$ |
|---|----------------------------------|------------------------|--|---|----------------------------|
| Balance at 1 July 2018 | 25,567,380 | (10,255,395) | (8,246,354) | 42,606,665 | 49,672,296 |
| Adjustment for reclassification due to adoption of AASB 9 (note 4) | - | - | (38,241) | (230,597) | (268,838) |
| Adjustment for reclassification due to adoption of AASB 15 (note 4) | - | - | (25,633) | (154,570) | (180,203) |
| Adjustment for change in shareholder interest reserve | - | - | (68,980) | 68,980 | - |
| Balance at 1 July 2018 - restated | 25,567,380 | (10,255,395) | (8,379,208) | 42,290,478 | 49,223,255 |
| Loss after income tax benefit for the half-year | - | - | (951,001) | (574,776) | (1,525,777) |
| Other comprehensive income for the half-year, net of tax | - | - | - | - | - |
| Total comprehensive income for the half-year | - | - | (951,001) | (574,776) | (1,525,777) |
| Share-holder interest reserve reclassified to NCI | - | 1,594,610 | - | (1,421,000) | 173,610 |
| Foreign currency translation reserve | - | (7,735) | - | - | (7,735) |
| Transactions with owners in their capacity as owners: | | | | | |
| Acquisition of shares from NCI | - | - | - | (4,199,725) | (4,199,725) |
| Share buyback | (4,691,899) | - | - | - | (4,691,899) |
| Balance at 31 December 2018 | <u>20,875,481</u> | <u>(8,668,520)</u> | <u>(9,330,209)</u> | <u>36,094,977</u> | <u>38,971,729</u> |

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

John Bridgeman Limited
Statement of cash flows
For the half-year ended 31 December 2018

| | Consolidated | |
|---|--------------------------|--------------------------|
| Note | 31 Dec 2018 | 31 Dec 2017 |
| | \$ | \$ |
| Cash flows from operating activities | | |
| Receipts from customers | 29,214,910 | 34,977,121 |
| Payments to suppliers and employees | (31,140,146) | (37,207,080) |
| Collection on purchased debt ledgers | 33,999 | 66,821 |
| Receipt from brokers on initial margins | 1,521,519 | - |
| Interest received | 55,592 | 10,900 |
| Interest and other finance costs paid | (238,116) | (238,286) |
| Income taxes (paid)/received | 394,480 | (645,406) |
| | <u>(157,762)</u> | <u>(3,035,930)</u> |
| Net cash used in operating activities | | |
| Cash flows from investing activities | | |
| Acquisition of subsidiaries, net of cash acquired | - | 1,255,432 |
| Purchase of other investments | (286,453) | - |
| Payments for property, plant and equipment | 17 (245,299) | (1,850,057) |
| Payments for intangibles | 18 (197,947) | (2,788,366) |
| Payments for financial instruments | - | (190,031) |
| Receipt / (Placement) of term deposits | 175,391 | (136,614) |
| Bank overdraft payment | (19,011) | - |
| Proceeds from disposal of property, plant and equipment | 960,468 | - |
| | <u>387,149</u> | <u>(3,709,636)</u> |
| Net cash from/(used in) investing activities | | |
| Cash flows from financing activities | | |
| Proceeds from issue of shares | - | 8,119,567 |
| Loans from related parties | 5,567,661 | - |
| Repayment of lease liabilities | (51,773) | - |
| Proceeds from borrowings | 7,000,000 | 2,318,054 |
| Funds (paid to) / received from investors | (6,460,399) | 10,889,720 |
| Share buyback and other debt raising costs | (4,867,049) | - |
| Repayment of borrowings | (977,092) | (2,886,342) |
| | <u>211,348</u> | <u>18,440,999</u> |
| Net cash from financing activities | | |
| Net increase in cash and cash equivalents | 440,735 | 11,695,433 |
| Cash and cash equivalents at the beginning of the financial half-year | <u>18,919,136</u> | <u>11,643,090</u> |
| Cash and cash equivalents at the end of the financial half-year | <u><u>19,359,871</u></u> | <u><u>23,338,523</u></u> |

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

John Bridgeman Limited
Notes to the financial statements
31 December 2018

Note 1. Reporting Entity

John Bridgeman Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 9
123 Eagle Street
Brisbane QLD 4000

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 14 March 2019.

Note 2. Significant accounting policies

Basis of preparation

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

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

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

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for financial assets and liabilities at fair value through profit or loss and derivative financial instruments.

Going concern

For the half year ended 31 December, the loss for the Group after tax amounted to \$1,525,777 and net cash used in operating activities was \$157,762. Notwithstanding the reported results, this financial report has been prepared on a going concern basis as the directors consider that the Company and the consolidated entity will be able to realise their assets and settle their liabilities in the normal course of business and at amounts stated in the financial report.

The directors have made enquiries of management, examined the Group's current financial position and financial forecasts. Despite any uncertainty that may cast doubt about the Group's ability to continue as a going concern the directors have a reasonable expectation that the Company and the Group has adequate financial resources to continue as a going concern.

Significant matters identified by the directors include:

- The reported loss is not considered by the directors to reflect the expected future performance of the Group. Operating expenses for the reporting period included non-recurring and non-cash expenses arising from restructuring costs, fair value adjustments, impairment, depreciation and amortisation costs.
- Cost reductions implemented in the first half of calendar year 2018 are expected to provide positive operating cash flows to the Group over the medium term. Having absorbed the initial acquisition, restructuring and development costs within the Group, management of capital expenditure and growth is forecast to reduce short term funding required for growth of the business divisions.

John Bridgeman Limited
Notes to the financial statements
31 December 2018

Note 2. Significant accounting policies (continued)

The continuation of the Company and the Group as a going concern is dependent on their ability to achieve the following objectives:

- Forecast positive cash flows from operations
- Proposed capital expenditure management
- Capital raisings by way of debt or equity
- Realisation of surplus assets and sale of existing assets or companies either by a float or trade sale.

Should the anticipated capital raisings not generate the expected cash flows, the Company may not be able to meet its debts as and when they become due and payable, and it may be required to realise assets and extinguish liabilities other than in the ordinary course of business and at amounts different from those stated in the financial statements. This report does not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company and the Group not continue as going concerns.

Comparative figures

Where required by Accounting Standards comparative figures have been adjusted to conform to changes in presentation for the current financial period.

Accounting Policies

The same accounting policies and methods of computation have been followed in this half year financial report as were applied in the most recent financial statements except for those as described below.

New or amended Accounting Standards and Interpretations adopted

The Group has considered the implications of new or amended Accounting Standards which have become applicable for the current financial reporting period and the group had to change its accounting policies and make retrospective adjustments as a result of adopting the following standards:

- AASB 9: Financial Instruments, and
- AASB 15: Revenue from Contracts with Customers.

The impact of the adoption of these standards and the respective accounting policies are disclosed below.

AASB 9 Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the Group commits itself to either the purchase or sale of the asset (ie. trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified at fair value through profit or loss, in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component.

John Bridgeman Limited
Notes to the financial statements
31 December 2018

Note 2. Significant accounting policies (continued)

Classification and subsequent measurement

Financial assets

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss.

Measurement is on the basis of the two primary criteria:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset is subsequently measured at amortised cost if it meets the following conditions:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset is subsequently measured at fair value through other comprehensive income if it meets the following conditions:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and
- the business model for managing the financial asset comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

The Group initially designates a financial instrument as measured at fair value through profit or loss if:

- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as “accounting mismatch”) that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
- it is in accordance with the documented risk management or investment strategy and information about the groupings was documented appropriately, so that the performance of the financial liability that was part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis;
- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of the financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

Financial liabilities

Financial liabilities are subsequently measured at:

- amortised cost; or
- fair value through profit or loss.

A financial liability is measured at fair value through profit or loss if the financial liability is:

- a contingent consideration of an acquirer in a business combination to which AASB 3: Business Combinations applies;
- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period.

John Bridgeman Limited
Notes to the financial statements
31 December 2018

Note 2. Significant accounting policies (continued)

The effective interest rate is the internal rate of return of the financial asset or liability; that is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if:

- it is incurred for the purpose of repurchasing or repaying in the near term;
- part of a portfolio where there is an actual pattern of short-term profit taking; or
- a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in an effective hedging relationships).

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and are not subsequently reclassified to profit or loss. Instead, they are transferred to retained earnings upon derecognition of the financial liability.

If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on:

- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- lease receivables;
- contract assets (e.g. amounts due from customers under construction contracts);
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

A loss allowance is not recognised for:

- financial assets measured at fair value through profit or loss; or
- equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The Group uses the simplified approach to impairment.

Simplified approach

The Group uses the simplified approach to impairment which does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit losses at all times.

This approach is applicable to trade receivables, lease receivables or contract assets that contain a significant financing component.

John Bridgeman Limited
Notes to the financial statements
31 December 2018

Note 2. Significant accounting policies (continued)

In measuring the expected credit loss, a provision matrix for trade receivables was used, taking into consideration various data to get to an expected credit loss (i.e. diversity of its customer base, appropriate groupings of its historical loss experience etc).

Recognition of expected credit losses in financial statements

At each reporting date, the Group recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Assets measured at fair value through other comprehensive income are recognised at fair value, with changes in fair value recognised in other comprehensive income. Amounts in relation to change in credit risk are transferred from other comprehensive income to profit or loss at every reporting period.

For financial assets that are unrecognised (e.g. loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All of the following criteria need to be satisfied for derecognition of financial assets:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the Group no longer controls the asset

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (i.e. when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Initial Application of AASB 9: Financial Instruments:

There were no new financial assets/liabilities which the Group had previously designated as fair value through profit or loss under AASB 139: Financial Instruments: Recognition and Measurement that were subject to reclassification/elected reclassification upon the application of AASB 9. There were no new financial assets/liabilities which the Group has elected to designate as at fair value through profit or loss at the date of initial application of AASB 9.

Debt instruments that are subsequently measured at amortised cost or at fair value through other comprehensive income are subject to impairment.

The directors of the Group determined the existing financial assets as at 1 July 2018 based on the facts and circumstances that were present, and determined that the initial application of AASB 9 had the following effects:

- Financial assets as held-to-maturity and loans and receivables that were measured at amortised cost continue to be measured at amortised cost under AASB 9, as they are held to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.
- Financial assets measured at fair value through profit or loss are still measured as such under AASB 9.

John Bridgeman Limited
Notes to the financial statements
31 December 2018

Note 2. Significant accounting policies (continued)

| Financial assets to which the impairment provisions apply | Attributes of credit risk | Loss allowance recognised on | |
|--|---|-------------------------------------|--------------------|
| | | 1 July 2017 | 1 July 2018 |
| Trade and other receivables | The Group uses the simplified approach and recognises lifetime expected credit loss | (614) | (384) |

The Group uses an allowance matrix to measure the ECLs of trade receivables from individual customers, which comprise a very large number of small balances. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. The weighted-average loss rate has been calculated to be 9%. Loss rates were based on actual credit loss experience over the past two years.

The additional credit loss allowance of \$384,000 as at 1 July 2018 and \$614,000 as at 1 July 2017 has been recognised against retained earnings on the respective dates, net of their related deferred tax impact, resulting in a net decrease in retained earnings of \$268,838 and \$429,985 as at 1 July 2018 and 2017 respectively. The additional loss allowance is charged against the respective asset.

The reconciliation between the provision for impairment in accordance with AASB 139 for the above mentioned are disclosed in their respective notes.

The consequential amendments to AASB 7: Financial Instruments: Disclosures have also resulted in more extensive disclosures about the Group's exposure to credit risk in the consolidated financial statements.

Classification and measurement of financial liabilities

AASB 9 determines that the measurement of financial liabilities and also the classification relates to changes in the fair value designated as fair value through profit or loss attributable to changes in the credit risk.

AASB 9 further states that the movement in the fair value of financial liabilities that is attributable to changes in the credit risk of that liability needs to be shown in other comprehensive income, unless the effect of the recognition constitutes accounting mismatch in profit or loss. Changes in fair value in relation to the financial liability's credit risk are transferred to retained earnings when the financial liability is derecognised and not reclassified through profit or loss. AASB 139 requires the fair value amount of the change of the financial liability designated as at fair value through profit or loss to be presented in profit or loss.

The following table represents the classification and measurement of financial assets and financial liabilities under AASB 9 and AASB 139 at the date of initial application, 1 July 2018:

| Financial assets | | Carrying amount | | | |
|--|--|------------------------|-----------------|------------------|-------------------|
| | | AASB 9 | | | |
| | | recognition | | | |
| | | of additional | | | |
| | | loss | | | |
| | | allowance | | | |
| | | AASB 9 New | | | |
| Financial instrument category | | AASB 139 | original | allowance | AASB 9 New |
| AASB 139 Original | AASB 9 new | \$ | \$ | \$ | \$ |
| Current and non-current assets | | | | | |
| Loans and receivables (amortised cost) | Financial assets at amortised cost | 9,087,701 | (384,054) | | 8,703,647 |
| Cash and cash equivalents | Financial assets at amortised cost | 18,919,136 | - | | 18,919,136 |
| | Financial assets at fair value through | | | | |
| Derivative financial assets | profit and loss | 58,448 | - | | 58,448 |
| | Financial assets at fair value through | | | | |
| Unlisted investments | profit and loss | 3,581,897 | - | | 3,581,897 |

John Bridgeman Limited
Notes to the financial statements
31 December 2018

Note 2. Significant accounting policies (continued)

| Financial liabilities | | Carrying amount AASB 9 recognition of additional loss allowance | | |
|---|---|--|---------------------------|-------------------|
| Financial instrument category | | AASB 139 original | loss allowance | AASB 9 new |
| AASB 139 Original | AASB 9 New | \$ | \$ | \$ |
| Current and non-current | | | | |
| Trade and other payables (Amortised cost) | Financial liabilities at amortised cost | 32,247,688 | - | 32,247,688 |
| Borrowings (Amortised cost) | Financial liabilities at amortised cost | 8,316,122 | - | 8,316,122 |

The amount of any financial assets and financial liabilities in the statement of financial position that were previously designated as measured at fair value through profit or loss have not been reclassified and there were no financial assets or financial liabilities which the Group has elected to designate as at fair value through profit or loss at the date of initial application of AASB 9.

The following summary indicates the reclassification of financial assets and liabilities due to AASB 9 transition.

| Financial assets | Carrying amount under AASB 139 30 June 2018 | | | Carrying amount under AASB 9 1 July 2018 | | Retained earnings adjustment 1 July 2018 |
|---|--|-------------|----------------|---|--|---|
| | \$ | \$ | \$ | \$ | | \$ |
| Amortised costs | | | | | | |
| Loans and receivables | 9,087,701 | (8,703,647) | 384,054 | - | | 384,054 |
| Reclassification per classification criteria; financial assets at amortised cost (AASB 9) | - | 8,703,647 | - | 8,703,647 | | - |
| Total | 9,087,701 | - | 384,054 | 8,703,647 | | 384,054 |

AASB 15: Revenue from Contracts with Customers

The Group has adopted AASB15 using the cumulative effect method with the effect of initially applying this standard recognised at the date of initial application (1 July 2018). The disclosure requirements in AASB 15 have been applied to comparative information.

Under AASB15, an entity shall recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer. An asset is transferred when the customer obtains control of that asset.

Professional services

The largest impact on the Group as a result of the adoption of the new standard is regarding work in progress on the provision of risk and security management services. Under AASB18, revenue was recognised based on the stage of completion.

Under AASB 15, the total consideration in the service contracts is allocated to all services based on their stand-alone selling prices. The stand-alone selling prices is determined based on the list prices at which the Group sells services in separate transactions. Revenue is recognised when the performance obligations have been completed under the contractual arrangement.

For additional information on the impact of the adoption of AASB 15, see note 4, restatement of comparatives.

For additional information about the Group's accounting policies relating to revenue recognition, see Note 5.

John Bridgeman Limited
Notes to the financial statements
31 December 2018

Note 2. Significant accounting policies (continued)

Impact of standards issued but not yet applied by the Group

AASB 16 Leases

AASB 16: Leases (issued February 2016) will supersede the existing lease accounting requirements in AASB 117: Leases and the related Interpretations.

It introduces a single lessee accounting model by eliminating the current requirement to distinguish leases as either operating leases or finance leases depending on the transfer of risks and rewards of ownership. The key requirements of AASB 16 are summarised as follows:

- recognition of a right-of-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-of-use assets in line with AASB 116: Property Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;
- inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
- application of a practical expedient to permit a lessee to elect not to separate non-lease components, instead accounting for all components as a lease;
- inclusion of additional disclosure requirements; and
- accounting for lessors will not significantly change.

AASB 16 will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of \$17,567,000. The Group is currently assessing to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit, financial position and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under AASB 16.

The Standard is mandatory for first interim periods within annual reporting periods beginning on or after 1 January 2019. The Group does not intend to adopt the Standard before its effective date.

Note 3. Critical accounting judgements, estimates and assumptions

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described below:

Purchase Debt Ledgers (PDLs)

PDLs are initially recognised at fair value plus any directly attributable acquisition costs. Subsequent to initial recognition, PDLs are measured at amortised cost using the effective interest method, less any impairment losses.

Prospectively, management will monitor the performance and key estimates used in determining whether any objective evidence exists that a PDL may be impaired. This will include:

- re-forecasting expected future cash flows regularly. An impairment is recognised where actual performance and re-forecast future cash flows deviate to below the initial effective interest rate.
- regular assessment of the estimated forecast amortisation rate applied to PDLs.

Determination of entities for consolidation

The Company holds 100% of recently incorporated JB Macro Funds Management Limited and approximately 51.71% of BRL, which has common directors. The Company has an indirect interest in BRL's two wholly owned subsidiaries JR Restaurants Australia Pty Ltd (JRR) and Birdzz Pty Ltd (Birdzz). The Company has a 24.56% economic interest in all other entities treated as subsidiaries in the consolidated financial statements. Those entities are consolidated on the basis of the power the Company has over investees and the extent of exposure the Company has to variable returns from investees. The directors believe that the consolidated financial report is the most appropriate presentation of the performance and financial position of the Group entities even though there is a large component (75.44%) of non-controlling interest in Group equity.

John Bridgeman Limited
Notes to the financial statements
31 December 2018

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

Carrying value of goodwill

All of the Group's goodwill is contained within JBFG and its controlled entities. The Group has identified five CGUs within its total investment in JBFG. The five CGUs identified are:

- Broking
- Foreign currency
- Commercial lending
- Mercantile service businesses
- Proprietary trading

Goodwill impairment testing is performed annually unless there are earlier indicators of an impairment.

Fair value measurement hierarchy

The Group is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value. Therefore the category that the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Estimation of useful lives of assets

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

Intangible assets other than goodwill

The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment of goodwill or other indefinite life intangible assets.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The Group assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Recovery of deferred tax assets

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

Note 4. Restatement of comparatives

Reclassification

Initial application of AASB 15: Revenue from Contracts with Customers and AASB 9: Financial instruments

The Group has applied AASB 15 and AASB 9 as an adjustment to the earliest opening comparative balance of equity at 1 July 2017. The following tables provide details of the significant changes and quantitative impact of those changes.

The Group uses an allowance matrix to measure the ECLs of trade receivables from individual customers, which comprise a very large number of small balances. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. The weighted-average loss rate has been calculated to be 9%. Loss rates were based on actual credit loss experience over the past two years.

John Bridgeman Limited
Notes to the financial statements
31 December 2018

Note 4. Restatement of comparatives (continued)

Work in progress (WIP) and accrued revenue balances resulting from revenue recognition under AASB 118 have been derecognised and the impact recognised in the restatements below.

Statement of profit or loss and other comprehensive income

| | 31 Dec 2017 | Consolidated | 31 Dec 2017 |
|--|--------------------|---------------------|--------------------|
| | \$ | \$ | \$ |
| | Reported | Adjustment | Restated |
| Revenue | 26,065,570 | (633,741) | 25,431,829 |
| Other income/(losses) | (1,116,566) | - | (1,116,566) |
| Expenses | | | |
| Operating expenses | (10,042,134) | - | (10,042,134) |
| Traders fees | (678,076) | - | (678,076) |
| Employee benefits expense | (11,133,994) | - | (11,133,994) |
| Professional services expenses | (5,365,446) | 335,528 | (5,029,918) |
| Other expenses | (3,370,787) | (161,952) | (3,532,739) |
| Impairment of assets | (852,973) | - | (852,973) |
| Interest expense | (383,120) | - | (383,120) |
| Loss before income tax benefit | (6,877,526) | (460,165) | (7,337,691) |
| Income tax benefit | 1,989,161 | 138,049 | 2,127,210 |
| Loss after income tax benefit for the half-year | (4,888,365) | (322,116) | (5,210,481) |
| Other comprehensive income | | | |
| Foreign currency translation | 537 | - | 537 |
| Other comprehensive income for the half-year, net of tax | 537 | - | 537 |
| Total comprehensive income for the half-year | <u>(4,887,828)</u> | <u>(322,116)</u> | <u>(5,209,944)</u> |
| Loss for the half-year is attributable to: | | | |
| Non-controlling interest | (2,605,487) | (219,271) | (2,824,758) |
| Owners of John Bridgeman Limited | (2,282,878) | (102,845) | (2,385,723) |
| | <u>(4,888,365)</u> | <u>(322,116)</u> | <u>(5,210,481)</u> |
| Total comprehensive income for the half-year is attributable to: | | | |
| Non-controlling interest | (2,605,040) | (277,504) | (2,882,544) |
| Owners of John Bridgeman Limited | (2,282,788) | (44,612) | (2,327,400) |
| | <u>(4,887,828)</u> | <u>(322,116)</u> | <u>(5,209,944)</u> |
| | Cents | Cents | Cents |
| | Reported | Adjustment | Restated |
| Basic earnings per share | (9.26) | (0.04) | (9.30) |
| Diluted earnings per share | (9.26) | (0.04) | (9.30) |

John Bridgeman Limited
Notes to the financial statements
31 December 2018

Note 4. Restatement of comparatives (continued)

Statement of financial position at the beginning of the earliest comparative period

| | 1 July 2017 | Consolidated | 1 July 2017 |
|---|--------------------|---------------------|--------------------|
| | \$ | \$ | \$ |
| | Reported | Adjustment | Restated |
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 11,643,090 | - | 11,643,090 |
| Trade and other receivables | 17,063,763 | (651,844) | 16,411,919 |
| Inventory | 48,039 | - | 48,039 |
| Term deposits | 593,793 | - | 593,793 |
| Purchased debt ledgers | 700,212 | - | 700,212 |
| Other current assets | 395,692 | - | 395,692 |
| Total current assets | 30,444,589 | (651,844) | 29,792,745 |
| Non-current assets | | | |
| Investments at fair value through profit and loss | 6,670,679 | - | 6,670,679 |
| Property, plant and equipment | 4,302,449 | - | 4,302,449 |
| Intangibles | 32,985,886 | - | 32,985,886 |
| Deferred tax | 3,114,550 | 195,553 | 3,310,103 |
| Purchased debt ledgers | 2,099,788 | - | 2,099,788 |
| Security deposits | 91,113 | - | 91,113 |
| Total non-current assets | 49,264,465 | 195,553 | 49,460,018 |
| Total assets | 79,709,054 | (456,291) | 79,252,763 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 8,378,468 | - | 8,378,468 |
| Borrowings | 2,228,943 | - | 2,228,943 |
| Income tax | 3,199,492 | - | 3,199,492 |
| Provisions | 792,138 | - | 792,138 |
| Total current liabilities | 14,599,041 | - | 14,599,041 |
| Non-current liabilities | | | |
| Payables | 1,212,283 | - | 1,212,283 |
| Borrowings | 5,813,467 | - | 5,813,467 |
| Deferred tax | 1,069,171 | - | 1,069,171 |
| Provisions | 542,342 | - | 542,342 |
| Total non-current liabilities | 8,637,263 | - | 8,637,263 |
| Total liabilities | 23,236,304 | - | 23,236,304 |
| Net assets | 56,472,750 | (456,291) | 56,016,459 |
| Equity | | | |
| Issued capital | 20,216,505 | - | 20,216,505 |
| Reserves | (6,003,026) | - | (6,003,026) |
| Retained profits | 2,879,120 | (138,105) | 2,741,015 |
| Equity attributable to the owners of John Bridgeman Limited | 17,092,599 | (138,105) | 16,954,494 |
| Non-controlling interest | 39,380,151 | (318,186) | 39,061,965 |
| Total equity | 56,472,750 | (456,291) | 56,016,459 |

John Bridgeman Limited
Notes to the financial statements
31 December 2018

Note 4. Restatement of comparatives (continued)

Statement of financial position at the end of the earliest comparative period

| | 30 Jun 2018 | Consolidated | 30 Jun 2018 |
|---|--------------------|---------------------|--------------------|
| | \$ | \$ | \$ |
| | Reported | Adjustment | Restated |
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 18,919,136 | - | 18,919,136 |
| Trade and other receivables | 9,087,701 | (926,962) | 8,160,739 |
| Balances held with brokers | 3,414,108 | - | 3,414,108 |
| Inventory | 45,511 | - | 45,511 |
| Derivative financial assets | 58,448 | - | 58,448 |
| Term deposits | 908,225 | - | 908,225 |
| Purchased debt ledgers | 157,288 | - | 157,288 |
| Other current assets | 1,322,069 | - | 1,322,069 |
| Total current assets | 33,912,486 | (926,962) | 32,985,524 |
| Non-current assets | | | |
| Investments at fair value through profit and loss | 3,581,897 | - | 3,581,897 |
| Property, plant and equipment | 5,658,627 | - | 5,658,627 |
| Intangibles | 42,880,855 | - | 42,880,855 |
| Deferred tax | 7,856,841 | (16,843) | 7,839,998 |
| Purchased debt ledgers | 434,662 | - | 434,662 |
| Security deposits | 764,004 | - | 764,004 |
| Total non-current assets | 61,176,886 | (16,843) | 61,160,043 |
| Total assets | 95,089,372 | (943,805) | 94,145,567 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 31,944,007 | (285,475) | 31,658,532 |
| Borrowings | 3,030,158 | - | 3,030,158 |
| Income tax | 80,851 | - | 80,851 |
| Provisions | 1,458,988 | - | 1,458,988 |
| Total current liabilities | 36,514,004 | (285,475) | 36,228,529 |
| Non-current liabilities | | | |
| Payables | 303,691 | - | 303,691 |
| Borrowings | 5,285,954 | - | 5,285,954 |
| Deferred tax | 2,630,170 | (209,289) | 2,420,881 |
| Provisions | 683,257 | - | 683,257 |
| Total non-current liabilities | 8,903,072 | (209,289) | 8,693,783 |
| Total liabilities | 45,417,076 | (494,764) | 44,922,312 |
| Net assets | 49,672,296 | (449,041) | 49,223,255 |
| Equity | | | |
| Issued capital | 25,567,380 | - | 25,567,380 |
| Reserves | (10,255,395) | - | (10,255,395) |
| Accumulated losses | (8,246,354) | (132,854) | (8,379,208) |
| Equity attributable to the owners of John Bridgeman Limited | 7,065,631 | (132,854) | 6,932,777 |
| Non-controlling interest | 42,606,665 | (316,187) | 42,290,478 |
| Total equity | 49,672,296 | (449,041) | 49,223,255 |

John Bridgeman Limited
Notes to the financial statements
31 December 2018

Note 5. 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. Revenue consists of management and performance fees.
- 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. Revenues consist of brokerage and commission, foreign currency revenue, proprietary trading gains and professional services revenue.

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.

| | Investment management services | Operations of investments in subsidiaries | Total |
|--|--------------------------------|---|--------------------|
| | \$ | \$ | \$ |
| Financial half year ending 31 December 2018 | | | |
| External revenue | 608,863 | 26,054,578 | 26,663,441 |
| Intersegment revenue | - | 67,833 | 67,833 |
| Net revenue | <u>608,863</u> | <u>26,122,411</u> | <u>26,731,274</u> |
| Other income | 7,502 | 1,304,916 | 1,312,418 |
| Interest income | 1,761 | 53,831 | 55,592 |
| Total other income / (losses) | <u>9,263</u> | <u>1,358,747</u> | <u>1,368,010</u> |
| Depreciation and amortisation | (153,757) | (939,247) | (1,093,004) |
| Intersegment proprietary trading losses | (67,833) | - | (67,833) |
| Other operating expenses | (79,128) | (6,864,334) | (6,943,462) |
| Total operating expenses | <u>(300,718)</u> | <u>(7,803,581)</u> | <u>(8,104,299)</u> |
| Trading expenses | - | (2,298,576) | (2,298,576) |
| Employee benefits expense | (1,048,039) | (9,788,922) | (10,836,861) |
| Professional services expenses | (521,102) | (4,661,173) | (5,182,275) |
| Other expenses | (85,355) | (2,885,679) | (2,971,034) |
| Impairment of assets | - | (87,271) | (87,271) |
| Facility fees | - | (175,150) | (175,150) |
| Interest expense | (503,265) | (250,953) | (754,218) |
| (Loss) / profit before tax | <u>(1,840,353)</u> | <u>(470,147)</u> | <u>(2,310,500)</u> |
| Income tax benefit / (expense) | 430,252 | 354,471 | 784,723 |
| (Loss) / profit after tax | <u>(1,410,101)</u> | <u>(115,676)</u> | <u>(1,525,777)</u> |

John Bridgeman Limited
Notes to the financial statements
31 December 2018

Note 5. Operating segments (continued)

| | Investment Management services \$ | Operations of investments in subsidiaries \$ | Total \$ |
|--|--|---|---------------------|
| As at 31 December 2018 | | | |
| Segment assets | 8,414,697 | 80,212,935 | 88,627,631 |
| Segment liabilities | <u>(22,515,280)</u> | <u>(27,140,623)</u> | <u>(49,655,902)</u> |
| Segment net assets | <u>(14,100,583)</u> | <u>53,072,312</u> | <u>38,971,729</u> |
| | | | |
| | Investment management services \$ | Operations of investments in subsidiaries \$ | Total \$ |
| Financial half year ending 31 December 2017 | | | |
| External revenue | <u>1,419,536</u> | <u>24,646,034</u> | <u>26,065,570</u> |
| Other income | (1,220,268) | 92,801 | (1,127,467) |
| Interest income | 387 | 10,514 | 10,901 |
| Total other income | <u>(1,219,881)</u> | <u>103,315</u> | <u>(1,116,566)</u> |
| Depreciation and amortisation | (193,302) | (505,343) | (698,645) |
| Other operating expenses | <u>(181,052)</u> | <u>(9,162,437)</u> | <u>(9,343,489)</u> |
| Total operating expenses | <u>(374,354)</u> | <u>(9,667,780)</u> | <u>(10,042,134)</u> |
| Trading expenses | - | (678,076) | (678,076) |
| Employee benefits expense | (2,028,422) | (9,105,572) | (11,133,994) |
| Professional services expense | (577,121) | (4,788,325) | (5,365,446) |
| Other expenses | (2,042,244) | (1,328,543) | (3,370,787) |
| Impairment of assets | - | (852,973) | - |
| Interest expense | <u>(206,934)</u> | <u>(176,186)</u> | <u>(383,120)</u> |
| (Loss) / Profit before tax | <u>(5,029,420)</u> | <u>(1,848,106)</u> | <u>(6,877,526)</u> |
| Income tax benefit / (expense) | 226,298 | 1,762,863 | 1,989,161 |
| (Loss) / profit after tax | <u>(4,803,122)</u> | <u>(85,243)</u> | <u>(4,888,365)</u> |
| | | | |
| | Investment management services \$ | Operations of investments in subsidiaries \$ | Total \$ |
| As at 30 June 2018 | | | |
| Segment assets | 5,580,527 | 89,508,845 | 95,089,372 |
| Segment liabilities | <u>(14,871,745)</u> | <u>(30,545,331)</u> | <u>(45,417,076)</u> |
| Segment net assets | <u>(9,291,218)</u> | <u>58,963,514</u> | <u>49,672,296</u> |

John Bridgeman Limited
Notes to the financial statements
31 December 2018

Note 6. Revenue

| | Consolidated | |
|--|---------------------|--------------------|
| | 31 Dec 2018 | 31 Dec 2017 |
| | \$ | \$ |
| Sales and services revenue | | |
| Foreign currency exchange revenue | 6,945,546 | 4,959,128 |
| Proprietary trading gains | 7,787,221 | 7,793,846 |
| Professional services | 8,568,911 | 8,257,371 |
| Brokerage and commission | 2,033,982 | 2,013,045 |
| Restaurant sales | 769,071 | 806,009 |
| Interest income on purchased debt ledgers | 17,680 | 35,415 |
| | <u>26,122,411</u> | <u>23,864,814</u> |
| Management and performance fee income | | |
| Management fees | 608,863 | 883,536 |
| Performance fees | - | 683,479 |
| | <u>608,863</u> | <u>1,567,015</u> |
| Revenue | <u>26,731,274</u> | <u>25,431,829</u> |

Accounting policy for revenue recognition

Under AASB15, an entity shall recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer. An asset is transferred when the customer obtains control that asset.

An entity transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- (a) the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs;
- (b) the entity's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or
- (c) the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

When a performance obligation is satisfied, an entity shall recognise as revenue the amount of the transaction price that is allocated to that performance obligation.

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 when the entity satisfies the performance obligation by transferring the goods to the customer.

Proprietary trading gains

Proprietary trading revenue are the gains/losses that arise from exchange traded derivatives and are recognised when the Group has an enforceable right to payment for performance of the contract.

Professional services

The total consideration in the service contracts is allocated to all services based on their stand-alone selling prices. The stand-alone selling prices is determined based on the list prices at which the Group sells services in separate transactions. Revenue is recognised at the time of completion of the individual service contract.

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 income is subject to meeting certain performance hurdles they are recognised when it is highly probable those conditions will not affect the outcome.

John Bridgeman Limited
Notes to the financial statements
31 December 2018

Note 6. Revenue (continued)

Restaurant sales

Restaurant sale revenue on food and beverage sales is recognised as the sale is completed which is the fulfilment of promised goods and services to the customer.

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 monthly 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 in accordance with a defined formula. Performance fees are accrued when any outperformance of a high watermark is exceeded.

Note 7. Other income/(losses)

| | Consolidated | |
|--|---------------------|--------------------|
| | 31 Dec 2018 | 31 Dec 2017 |
| | \$ | \$ |
| Net foreign exchange gain/(loss) | (97,365) | 40,586 |
| Net fair value gain on other financial assets | - | 85,866 |
| Net gain on disposal of property, plant and equipment | 699,490 | - |
| Interest income | 55,592 | 10,901 |
| Net loss on financial instruments at fair value through profit or loss | (379,365) | (1,297,684) |
| Miscellaneous income | 1,089,658 | 43,765 |
| | <u>1,368,010</u> | <u>(1,116,566)</u> |
| Other income/(losses) | | |

Note 8. Operating expenses

| | Consolidated | |
|--|---------------------|--------------------|
| | 31 Dec 2018 | 31 Dec 2017 |
| | \$ | \$ |
| Foreign banknote usage fee | 47,501 | 243,439 |
| Commissions paid to investment brokers | 1,656,913 | 4,638,699 |
| Dealing expenses | 61,121 | - |
| Restaurant cost of sales | 324,404 | 720,430 |
| Depreciation and amortisation | 1,093,006 | 698,643 |
| Impairment of software | - | 186,774 |
| Restaurant running costs | 131,482 | 243,135 |
| Rental expenses | 2,188,843 | 1,648,072 |
| Exchange fees | 2,601,029 | 1,662,942 |
| | <u>8,104,299</u> | <u>10,042,134</u> |

Note 9. Traders fees

Traders fees are the profit share earned by proprietary traders of Genesis.

| | Consolidated | |
|--------------|---------------------|--------------------|
| | 31 Dec 2018 | 31 Dec 2017 |
| | \$ | \$ |
| Traders fees | <u>2,298,576</u> | <u>678,076</u> |

John Bridgeman Limited
Notes to the financial statements
31 December 2018

Note 10. Professional services expenses

| | Consolidated | |
|--|---------------------|--------------------|
| | 31 Dec 2018 | 31 Dec 2017 |
| | \$ | \$ |
| Directors fee expenses | 86,000 | 93,144 |
| Professional services expenses - Consultants | 3,944,609 | 3,926,844 |
| Professional services expenses - Legal expenses | 295,901 | 330,285 |
| Professional services expenses - Accounting and audit expenses | 713,747 | 590,308 |
| Insurance | 142,018 | 89,337 |
| | <u>5,182,275</u> | <u>5,029,918</u> |

Note 11. Other expenses

| | Consolidated | |
|---|---------------------|--------------------|
| | 31 Dec 2018 | 31 Dec 2017 |
| | \$ | \$ |
| Travel expenses | 127,085 | 509,009 |
| Market information systems | 210,497 | - |
| Management fees | - | 145,976 |
| Marketing and advertising | 235,256 | 322,446 |
| Printing and stationery | 94,266 | 154,117 |
| IT and communications | 610,203 | 426,579 |
| Professional subscriptions | 467,094 | 316,001 |
| Transport | 170,299 | 116,877 |
| Utilities | 80,477 | 69,516 |
| Security expenses | 112,255 | 97,576 |
| Net loss on disposal of property, plant and equipment | - | 11,440 |
| Staff related expenses | 73,087 | 92,464 |
| Administration costs | 307,340 | 192,892 |
| Merchant fees | 74,031 | 78,356 |
| Other | 409,144 | 999,490 |
| | <u>2,971,034</u> | <u>3,532,739</u> |

John Bridgeman Limited
Notes to the financial statements
31 December 2018

Note 12. Income tax

| | Consolidated | |
|--|---------------------|--------------------|
| | 31 Dec 2018 | 31 Dec 2017 |
| | \$ | \$ |
| Income tax benefit | | |
| Current tax | 112,279 | 885,295 |
| Deferred tax - origination and reversal of temporary differences | (897,002) | (3,012,505) |
| Aggregate income tax benefit | <u>(784,723)</u> | <u>(2,127,210)</u> |
| Numerical reconciliation of income tax benefit and tax at the statutory rate | | |
| Loss before income tax benefit | (2,310,500) | (7,337,691) |
| Tax at the statutory tax rate of 30% | (693,150) | (2,201,307) |
| Tax effect amounts which are not deductible/(taxable) in calculating taxable income: | | |
| Permanent differences | 36,744 | 73,615 |
| | - | 482 |
| Prior years unders / overs | (128,317) | - |
| Income tax benefit | <u>(784,723)</u> | <u>(2,127,210)</u> |

| | Consolidated | |
|---|---------------------|--------------------|
| | 31 Dec 2018 | 30 Jun 2018 |
| | \$ | \$ |
| Deferred tax asset | | |
| Deferred tax asset comprises temporary differences attributable to: | | |
| Amounts recognised in profit or loss: | | |
| Tax losses | 2,190,656 | 3,687,085 |
| Allowance for expected credit losses | 89,463 | 129,689 |
| Property, plant and equipment | 33,321 | 28,495 |
| Provision for trader settlements | 2,562,627 | 2,282,482 |
| Management fee payable | 2,144,848 | - |
| Short term provisions and other payables | 1,143,048 | 890,975 |
| Capital raising costs (deductible over 5 years) | 73,781 | 88,358 |
| Unrealised losses on financial assets | 737,870 | 732,914 |
| Deferred tax asset | <u>8,975,614</u> | <u>7,839,998</u> |

| | Consolidated | |
|---|---------------------|--------------------|
| | 31 Dec 2018 | 30 Jun 2018 |
| | \$ | \$ |
| Deferred tax liability | | |
| Deferred tax liability comprises temporary differences attributable to: | | |
| Amounts recognised in profit or loss: | | |
| Property, plant and equipment | 47,504 | 42,679 |
| Interest receivable | 288,880 | 33,137 |
| Other current assets | 539 | 729 |
| Accrued revenue | 177,724 | 209,568 |
| Management fee receivable | 2,144,848 | 2,134,768 |
| Deferred tax liability | <u>2,659,495</u> | <u>2,420,881</u> |

John Bridgeman Limited
Notes to the financial statements
31 December 2018

Note 12. Income tax (continued)

| | Consolidated | |
|---------------------------------|---------------------|--------------------|
| | 31 Dec 2018 | 30 Jun 2018 |
| | \$ | \$ |
| Provision for income tax | | |
| Provision for income tax | <u>587,613</u> | <u>80,851</u> |

Note 13. Current assets - Cash and cash equivalents

| | Consolidated | |
|----------------------------|---------------------|--------------------|
| | 31 Dec 2018 | 30 Jun 2018 |
| | \$ | \$ |
| Currency held as stock (a) | 8,542,475 | 9,140,900 |
| Cash at bank (b) | <u>10,817,396</u> | <u>9,778,236</u> |
| | <u>19,359,871</u> | <u>18,919,136</u> |

(a) The Group holds cash in foreign currencies as stock for its 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.

(b) Cash at bank includes an amount of \$3,821,772 for segregated client funds (30 June 2018: \$4,227,224). This amount is held on behalf of clients for trading whose use is restricted to the settlement of associated liability.

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.

Note 14. Current assets - Trade and other receivables

| | Consolidated | |
|--|---------------------|--------------------|
| | 31 Dec 2018 | 30 Jun 2018 |
| | \$ | \$ |
| Trade receivables | 3,148,459 | 4,803,287 |
| Less: Allowance for expected credit losses | <u>(298,211)</u> | <u>(432,296)</u> |
| | <u>2,850,248</u> | <u>4,370,991</u> |
| Other receivables | 50 | 547 |
| Receivable in respect of issue of shares by Group entities (a) | - | 2,440,000 |
| Receivable for sale of listed shares (a) | - | 2,050,000 |
| Less: Provision for impairment of receivables (a) | <u>-</u> | <u>(700,799)</u> |
| | <u>2,850,298</u> | <u>8,160,739</u> |

(a) On 11 September 2018 the receivable balances have been settled via transfer of 814,882 JBFG shares to the Company at a value of \$5.51 per share. The reported value of JBFG shares at the date of transfer was \$4.65 per share. There was a provision for impairment recognised at 30 June 2018 to reflect the adjustment in fair value of the share.

John Bridgeman Limited
Notes to the financial statements
31 December 2018

Note 15. 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 | |
|---------------------------------------|-------------------------|-------------------------|
| | 31 Dec 2018 | 30 Jun 2018 |
| | \$ | \$ |
| Accrued revenue - trailing commission | 592,405 | 698,559 |
| Prepayments | 433,785 | 485,319 |
| Other current assets | <u>57,673</u> | <u>138,191</u> |
| | <u><u>1,083,863</u></u> | <u><u>1,322,069</u></u> |

Note 16. Non-current assets - Investments at fair value through profit and loss

| | Consolidated | |
|--------------------------------|-------------------------|-------------------------|
| | 31 Dec 2018 | 30 Jun 2018 |
| | \$ | \$ |
| Investments in listed equities | 3,233,738 | 3,581,897 |
| Other investments | <u>336,453</u> | <u>-</u> |
| | <u><u>3,570,191</u></u> | <u><u>3,581,897</u></u> |

Investments at fair value through profit and loss include 3,165,083 (30 June 2018: 3,165,083) shares in HML valued at \$3,196,734 (30 June 2018: \$3,544,893). The investment in HML is valued using the net asset value for the year ended 31 December 2018 and is classified as a level 3 security. Refer to Note 26.

Note 17. Non-current assets - Property, plant and equipment

| | Consolidated | |
|----------------------------------|-------------------------|-------------------------|
| | 31 Dec 2018 | 30 Jun 2018 |
| | \$ | \$ |
| Leasehold improvements - at cost | 4,824,717 | 3,980,165 |
| Less: Accumulated depreciation | <u>(1,268,194)</u> | <u>(599,292)</u> |
| | <u>3,556,523</u> | <u>3,380,873</u> |
| Plant and equipment - at cost | 1,977,029 | 1,711,218 |
| Less: Accumulated depreciation | <u>(938,328)</u> | <u>(308,954)</u> |
| | <u>1,038,701</u> | <u>1,402,264</u> |
| Motor vehicles - at cost | 951,403 | 1,067,571 |
| Less: Accumulated depreciation | <u>(226,224)</u> | <u>(192,081)</u> |
| | <u>725,179</u> | <u>875,490</u> |
| | <u><u>5,320,403</u></u> | <u><u>5,658,627</u></u> |

John Bridgeman Limited
Notes to the financial statements
31 December 2018

Note 17. Non-current assets - Property, plant and equipment (continued)

Reconciliations

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

| Consolidated | Leasehold improvements \$ | Plant and equipment \$ | Motor vehicles \$ | Total \$ |
|-----------------------------|---------------------------------|------------------------------|-------------------------|------------------|
| Balance at 1 July 2018 | 3,380,873 | 1,402,264 | 875,490 | 5,658,627 |
| Additions | 215,768 | 29,531 | - | 245,299 |
| Disposals | (28,098) | (287,858) | (77,146) | (393,102) |
| Reclassification* | 700,752 | (7,342) | - | 693,410 |
| Depreciation expense | <u>(712,772)</u> | <u>(97,894)</u> | <u>(73,165)</u> | <u>(883,831)</u> |
| Balance at 31 December 2018 | <u>3,556,523</u> | <u>1,038,701</u> | <u>725,179</u> | <u>5,320,403</u> |

* In the prior period, a portion of lease incentives related to leasehold improvements had been recorded net of capital improvements. These have now been reclassified to lease incentive liabilities.

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 | 2-10 years |
| Plant and equipment | 2-10 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 Group. 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.

John Bridgeman Limited
Notes to the financial statements
31 December 2018

Note 18. Non-current assets - Intangibles

| | Consolidated | |
|-----------------------------------|---------------------|--------------------|
| | 31 Dec 2018 | 30 Jun 2018 |
| | \$ | \$ |
| Goodwill - at cost | 40,107,865 | 40,107,865 |
| Licenses - at cost | 4,963,960 | 4,963,960 |
| Less: Accumulated amortisation | (750,365) | (750,365) |
| Less: Accumulated impairment | (4,211,595) | (4,211,595) |
| | 2,000 | 2,000 |
| Software - at cost | 3,796,408 | 3,598,461 |
| Less: Accumulated amortisation | (450,268) | (314,359) |
| Less: Accumulated impairment | (713,768) | (642,186) |
| | 2,632,372 | 2,641,916 |
| Other intangible assets - at cost | 266,878 | 266,878 |
| Less: Accumulated amortisation | (211,071) | (137,804) |
| | 55,807 | 129,074 |
| | 42,798,044 | 42,880,855 |

Reconciliations

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

| Consolidated | Goodwill | Licences | Software | Other intangible assets | Total |
|------------------------|-----------------|-----------------|-----------------|--------------------------------|--------------|
| | \$ | \$ | \$ | \$ | \$ |
| Balance at 1 July 2018 | 40,107,865 | 2,000 | 2,641,916 | 129,074 | 42,880,855 |
| Additions | - | - | 197,946 | - | 197,946 |
| Impairment of assets | - | - | (71,582) | - | (71,582) |
| Amortisation expense | - | - | (135,908) | (73,267) | (209,175) |
| | 40,107,865 | 2,000 | 2,632,372 | 55,807 | 42,798,044 |

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.

John Bridgeman Limited
Notes to the financial statements
31 December 2018

Note 18. Non-current assets - Intangibles (continued)

Software

Internally generated software is developed by the entity itself to meet specific business needs when an off the shelf option is not available, or is significantly modified for internal use. Software costs are capitalised as an asset on the basis that the costs result in a future economic benefit to the entity and they can be measured reliably. For an internally generated intangible asset, the cost of the asset comprises all directly attributable costs during the development phase necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by management

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 10 years.

Note 19. Non-current assets - Purchased debt ledgers

| | Consolidated | |
|--|---------------------|--------------------|
| | 31 Dec 2018 | 30 Jun 2018 |
| | \$ | \$ |
| Purchased debt ledgers | 2,552,951 | 2,559,008 |
| Provision for impairment of purchased debt ledgers (a) | <u>(2,204,327)</u> | <u>(2,124,346)</u> |
| | <u>348,624</u> | <u>434,662</u> |

(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. Management continue to monitor the performance and key estimates used in determining whether any objective evidence exists that a PDL may be impaired by comparing the carrying value of the purchased debt ledger initially recognised and the expected cashflows forecasts on the collection. Regular assessment of the estimated forecast amortisation rate applied to PDLs. For the half year ended 31 December 2018, the Company estimated that PDLs amortise at a rate of 48% per annum. The amount required to bring the collective provision for impairment to its required level is charged to profit or loss.

Impairment of purchased debt ledgers

The carrying amount of the PDL's are regularly reviewed to ensure that the carrying amount is not impaired. PDLs are collectively assessed for impairment as they are not considered to be individually significant within the portfolio and they have similar credit risk characteristics. A PDL is considered to be impaired if the carrying amount exceeds the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Impairment losses are recognised in the income statement. When a subsequent change in estimated future cashflows causes the amount of impairment loss to reverse, the reversal in impairment is recognised in the income statement to the initial amount of the original impairment loss.

Note 20. Current liabilities - Borrowings

| | Consolidated | |
|--------------------------------|---------------------|--------------------|
| | 31 Dec 2018 | 30 Jun 2018 |
| | \$ | \$ |
| Bank overdraft | 3,880 | 22,883 |
| Loans from related parties (a) | 1,499,163 | 509,979 |
| Convertible loan | - | 2,305,278 |
| Senior debt | 1,895,829 | - |
| Other | - | 8,996 |
| Hire purchase | 13,579 | 75,026 |
| Lease liability | <u>117,670</u> | <u>107,996</u> |
| | <u>3,530,121</u> | <u>3,030,158</u> |

John Bridgeman Limited
Notes to the financial statements
31 December 2018

Note 20. Current liabilities - Borrowings (continued)

(a) On 10 July 2017, Capital Credit Pty Ltd (Capital Credit) (a subsidiary of JBFG) received a loan from HML of \$450,000 for a term of one year from the advance date at a 5% p.a. interest rate. On 24 December 2018, the loan was extended to 31 December 2020. Should HML elect, the loan may be repaid wholly or in part by way of shares in Capital Credit.

On 10 July 2018 Genesis Proprietary Trading Pty Ltd (Genesis), a wholly owned subsidiary of JBFG received trading funds of \$800,000 from BHD. On 24 December 2018 Genesis agreed to a loan arrangement with BHD for \$800,000, with a maturity date of 31 October 2019 at 9% per annum interest.

Note 21. Non-current liabilities - Borrowings

| | Consolidated | |
|--------------------------------|---------------------|--------------------|
| | 31 Dec 2018 | 30 Jun 2018 |
| | \$ | \$ |
| Senior debt (a) | 5,104,171 | - |
| Loans from related parties (b) | 8,030,885 | - |
| Other | - | 4,910 |
| Convertible notes payable | 3,325,767 | 3,300,774 |
| Convertible loan (c) | 2,412,300 | - |
| Lease incentive liabilities | 1,229,406 | 1,200,542 |
| Finance lease liabilities | 1,474,674 | 779,728 |
| | <u>21,577,203</u> | <u>5,285,954</u> |

(a) On 30 November 2018 JBFG, a controlled entity, entered into a senior debt facility with an external investor ('lender'). The total facility is \$7,000,000 over a term of 4 years at 10.5% per annum interest. \$1,895,829 of this debt is classified as a current liability in note 20.

The facility is secured over the assets of JBFG and provides the lender with options to purchase 1 - 1.5% of the ordinary shares of JBFG at a fixed price. The lender may either put those shares to JBFG to repurchase them in certain circumstances or hold them on an ongoing basis.

As at 31 December 2018 the loan facility has been fully drawn down.

(b) On 30 July 2018, the Company received a loan facility of \$2,500,000 from Stuart McAuliffe for a term of 2 months at 7.25% per annum interest. On 6 September, the interest rate was reduced to 5.5% per annum and the term was extended to 30 March 2020. As at 31 December 2018 the balance owing is \$250,000.

On 8 August 2018 the Company received a loan of \$1,134,000 from BHD, for a term of one year at 11.5% per annum interest. On 16 October 2018 the term of the loan facility was extended by 6 months. As at 31 December 2018 the balance owing was \$1,004,620 with all accrued interest paid.

On 8 August 2018 the Company received a loan of \$2,411,000 from HML, for a term of one year at 11.5% per annum interest. On 16 October 2018 the term of the loan facility was extended by 6 months. As at 31 December 2018 the balance owing was \$2,276,265 with all accrued interest paid.

On 17 September 2018 the Company agreed that in respect of the amount of \$4,553,773 due to BHD and previously included in Trade and Other Payables in the Statement of Financial Position as at 30 June 2018, \$4,500,000 is to be repaid over a term of 18 months maturing on 18 March 2020, with an interest rate of 11.5% per annum. As at 31 December 2018 the balance owing was \$4,500,000 with all accrued interest paid.

John Bridgeman Limited
Notes to the financial statements
31 December 2018

Note 21. Non-current liabilities - Borrowings (continued)

(c) On 11 September 2017, JBFG, a controlled entity, entered into a convertible loan agreement with BHD for \$2,200,000 with a maturity of one year and an interest rate of 9.65%. In the event of default, the loan is secured over 100% of the shares in Genesis, a wholly-owned subsidiary of JBFG. At BHD's election and at any time until maturity, the outstanding amount may be settled in cash, or shares in JBFG at a fixed rate of \$6.14 per share, or, shares in Genesis at \$9.98 per share.

On 11 September 2018 the term of the convertible loan was extended by 18 months with a new maturity date of 11 March 2020 and included an option to convert into JB Trading House shares, a controlled entity of JBFG. All other terms of the loan agreement remain the same.

As at 31 December 2018 the balance owing was \$2,412,300 (30 June 2018: \$2,305,278) which includes accrued interest of \$212,300 repayable at maturity of the loan (30 June 2018: \$105,278).

Note 22. Equity - Issued capital

| | Consolidated | | | |
|------------------------------|---------------------|--------------------|--------------------|--------------------|
| | 31 Dec 2018 | 30 Jun 2018 | 31 Dec 2018 | 30 Jun 2018 |
| | Shares | Shares | \$ | \$ |
| Ordinary shares - fully paid | 24,367,704 | 26,766,945 | 20,875,481 | 25,567,380 |

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 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.

Options

In accordance with the Company's 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. As at 31 December 2018, total share options outstanding was 24,186,520 (30 June 2018:26,121,678).

Share buy-back

The Company had an on-market share buy-back operational between 14 November 2017 and 12 November 2018. 1,935,158 shares were cancelled on 3 August 2018 and a further 464,083 shares were bought back and cancelled on 24 September 2018.

Capital risk management

Management manages the capital of the Group in order to maintain a sustainable debt to equity ratio, generate long-term shareholder value and ensure that the Group can fund its operations and continue as going concern.

The following group entities holdings Australian Financial Services Licenses ('AFSLs') are subject to externally imposed capital requirements:

- JB Markets Pty Ltd (JBM)
- JB Alpha Ltd (JBA)

The AFSLs set base level financial requirements including conditions requiring positive net assets, surplus cash balances and access to enough financial resources to meet liabilities. There were no identified breaches of the conditions during the reporting period.

John Bridgeman Limited
Notes to the financial statements
31 December 2018

Note 22. Equity - Issued capital (continued)

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions of borrowing.

There have been no events of default on the financing arrangements during the financial year.

The capital management policy remains unchanged from the 30 June 2018 Annual report.

Note 23. Equity - Accumulated losses

| | Consolidated | |
|---|---------------------|--------------------|
| | 31 Dec 2018 | 30 Jun 2018 |
| | \$ | \$ |
| Retained profits/(accumulated losses) at the beginning of the financial half-year | (8,379,208) | 2,748,977 |
| Loss after income tax benefit for the half-year | (951,001) | (11,128,185) |
| Accumulated losses at the end of the financial half-year | (9,330,209) | (8,379,208) |

Note 24. Equity - Dividends

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

Note 25. Fair value measurement

Initial measurement, subsequent measurement & classification

Financial assets and financial liabilities are recognised when the Group becomes party to the contractual provisions to the instrument. For financial assets, trade date accounting is adopted, which is equivalent to the date that the Group commits itself to purchase or sell the assets.

Financial instruments are initially measured at fair value. Transaction costs related to financial instruments measured at fair value are expensed to the Statement of Profit or Loss and Other Comprehensive Income immediately.

Financial instruments are subsequently measured at fair value. Current market prices for all quoted investments are used to determine fair value. For all unlisted securities that are not traded in an active market, valuation techniques are applied to determine fair value, including recent arm's length transactions and reference to similar instruments.

The Group classifies its financial instruments into the following categories:

Financial assets at fair value through profit or loss

Financial assets are classified at fair value when they are held for trading. Realised and unrealised gains and losses arising from changes in fair value are included in the Statement of Profit or Loss and Other Comprehensive Income in the period in which they arise.

Term deposits

Term deposits are short-term deposits with a maturity of more than 3 months and less than one year. The Group measures term deposits at amortised cost using the effective interest method. The effective interest rate that exactly discounts the estimated future cash payments and receipts through the expected life of the deposit. When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the term deposit but not future credit losses.

Loans and receivables (including PDLs)

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of services but also incorporate other types of contractual monetary assets, and in the case of PDLs are purchased from third parties. After initial recognition they are measured at amortised cost using the effective interest method, less any provision for impairment. Any change in their value is recognised in profit or loss.

John Bridgeman Limited
Notes to the financial statements
31 December 2018

Note 25. Fair value measurement (continued)

Fair value measurement and the fair value hierarchy

The fair value of quoted instruments is based on current bid prices. Factors considered in determining the fair value of these investments include, but are not limited to, market conditions, purchase price, nature of investment, estimation of liquidity value, subsequent equity financing involving third parties or a significant change in operating performance or potential resulting in a change in valuation, and other pertinent information. Significant valuation issues are reported to the Board.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. The table uses a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

| Consolidated - 31 Dec 2018 | Level 1 \$ | Level 2 \$ | Level 3 \$ | Total \$ |
|--|----------------------|----------------------|----------------------|--------------------|
| Assets | | | | |
| Investments at fair value through profit or loss | 37,004 | - | 3,533,187 | 3,570,191 |
| Derivative financial instruments | 42,520 | - | - | 42,520 |
| Total assets | 79,524 | - | 3,533,187 | 3,612,711 |
| Liabilities | | | | |
| Foreign currency bank notes (payable) | - | 1,752,799 | - | 1,752,799 |
| Convertible notes - liability component | - | 3,325,767 | - | 3,325,767 |
| Derivative liabilities | 556,079 | - | - | 556,079 |
| Total liabilities | 556,079 | 5,078,566 | - | 5,634,645 |

| Carrying amounts Consolidated - 31 December 2018 | Fair value \$ | Measured at amortised cost \$ |
|---|-------------------------|---|
| Financial assets | | |
| Purchased debt ledgers (a) | 495,650 | 495,650 |
| Security deposit (b) | 801,309 | 887,750 |
| | <u>1,296,959</u> | <u>1,383,400</u> |

| Carrying amounts Consolidated - 31 December 2018 | Fair value \$ | Measured at amortised cost \$ |
|---|-------------------------|---|
| Financial liabilities | | |
| Foreign currency bank notes (payable) (c) | 1,752,799 | 1,752,799 |
| Convertible notes | 3,370,248 | 3,300,774 |
| Convertible loan - host contract (d) | 2,430,788 | 2,412,300 |
| Finance lease liabilities | 1,605,924 | 1,605,924 |
| | <u>9,159,759</u> | <u>9,071,797</u> |

John Bridgeman Limited
Notes to the financial statements
31 December 2018

Note 25. Fair value measurement (continued)

(a) Purchased debt ledgers (PDLs) are initially recognised at fair value plus any directly attributable acquisition costs. Subsequent to initial recognition, they are recognised at amortised cost. The carrying value of PDLs as at 31 December 2018 approximates fair value.

(b) Security Deposits are initially recognised at fair value plus any directly attributable acquisition costs. Subsequent to initial recognition, they are recognised at amortised cost.

(c) Foreign currency bank notes payable are recognised at their purchase price which is the fair value at initial recognition. This is subsequently measured at amortised cost.

(d) On 11 September 2017, JBFG entered into a convertible loan agreement with BHD for \$2,200,000. The loan contains embedded derivatives which represent the BHD's ability to convert any outstanding amount owing on the loan at any time to maturity into shares in JBFG or Genesis at a fixed price per share. Both JBFG and Genesis have unquoted equity instruments. The current share price of both JBFG and Genesis has been assessed in comparison to the strike price attached to the convertible loan and has determined that the value of the shares in JBFG and Genesis is less than the current conversion price. As a result the embedded derivative is valued at \$NIL.

The host contract is valued at amortised cost using a discounted cash flow model for expected repayments.

| Consolidated - 30 Jun 2018 | Level 1 \$ | Level 2 \$ | Level 3 \$ | Total \$ |
|--|----------------------|----------------------|----------------------|--------------------|
| Assets | | | | |
| Investments at fair value through profit or loss | 37,004 | - | 3,544,893 | 3,581,897 |
| Derivative financial instruments | 58,448 | - | - | 58,448 |
| Total assets | <u>95,452</u> | <u>-</u> | <u>3,544,893</u> | <u>3,640,345</u> |
| Liabilities | | | | |
| Foreign currency notes (payable) | - | 8,213,198 | - | 8,213,198 |
| Convertible notes - liability component | - | 3,300,774 | - | 3,300,774 |
| Total liabilities | <u>-</u> | <u>11,513,972</u> | <u>-</u> | <u>11,513,972</u> |

| Carrying amounts Consolidated - 30 June 2018 | Measured at fair value \$ | Measured at amortised cost \$ |
|---|---|---|
| Financial assets | | |
| Purchased debt ledgers | 591,950 | 591,950 |
| Security deposit | 688,263 | 764,004 |
| | <u>1,280,213</u> | <u>1,355,954</u> |

| Carrying amounts Consolidated - 30 June 2018 | Measured at fair value \$ | Measured at amortised cost \$ |
|---|---|---|
| Financial liabilities | | |
| Foreign currency bank notes payable | 8,213,198 | 8,213,198 |
| Convertible notes | 3,334,361 | 3,300,774 |
| Convertible loan - host contract | 2,326,121 | 2,305,278 |
| Finance lease liabilities | 962,750 | 962,750 |
| | <u>14,836,430</u> | <u>14,782,000</u> |

Valuation techniques for fair value measurements categorised within Level 2 and 3

John Bridgeman Limited
Notes to the financial statements
31 December 2018

Note 25. Fair value measurement (continued)

Investments at fair value through profit or loss

The Group holds an investment in equity shares of HML, which is classified as an investment at fair value through profit and loss with a fair value of \$3,196,734 at 31 December 2018 (30 June 2018: \$3,544,893). The investment in HML has been valued using the net asset value as of HML for the year ended 30 June 2018. Investments were classified as level 3 in the prior period as shares were suspended from trading on the ASX.

Convertible notes

The convertible notes consist of 2,227,850 notes issued 6 April 2017 with a face value of \$1.58, maturing on 6 April 2022. Each note is convertible to one fully paid ordinary share in JBL at any time before expiry at the discretion of the holder. On the issue of the convertible notes the liability is recognised at fair value using a market rate for an equivalent non-convertible bond.

Convertible loan

The valuation technique has been discussed above.

The carrying amounts cash and cash equivalents, balances held with brokers, term deposits, trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

Level 3 assets and liabilities

For Level 3 fair values, reasonably possible changes in the significant unobservable inputs would have the following effect.

| | Increase | Decrease |
|--------------------|-----------------|-----------------|
| Change in NAV (1%) | 31,651 | (31,651) |

The following tables indicate the valuation techniques used in measuring Level 2 and Level 3 fair values for financial instruments measured at fair value in the Statement of Financial Position, together with the significant unobservable inputs used in the measurement of their fair value:

| Description | Valuation method | Significant unobservable inputs | Inter-relationship between significant unobservable inputs, fair value measurement and sensitivities |
|--|---|---|---|
| Investment in HML | Net Asset Value ("NAV") technique is used to determine the value of the underlying investment. | The HML share price is unobservable as shares were suspended from trading on the ASX. | The estimated fair value would increase (decrease) if the net asset value increases (decreases). |
| Convertible loan designated at fair value through profit or loss | Embedded derivative: a Black-Scholes pricing model was used, which incorporated forecast earnings for the valuation of shares in Genesis. | - Forecast earnings - Market multiple | The estimated fair value would increase (decrease) if: - the forecast earnings were higher (lower); or - the market multiple was higher (lower) |
| Convertible notes - liability | Market interest rate for an unsecured loan of 9.65% was used as the effective interest rate for the debt portion. | - Discount rate | The estimated fair value would increase (decrease) if: - the discount rate were lower (higher) |
| Foreign currency bank notes (payable) | The fair value is determined using quoted spot exchange rates at the reporting date in the respective currencies. | Not applicable | Not applicable |

The financial assets and liabilities recognised by HML at 31 December 2018 were carried at fair value. No other adjustments to the NAV have been applied at 31 December 2018. Refer to the HML interim financial report for further detail in determining the value of the investments held by HML.

John Bridgeman Limited
Notes to the financial statements
31 December 2018

Note 26. Related party transactions

In the normal course of business, the Group transacts with entities regarded as related parties. In accordance with the expanded definition of related party in AASB 124 'Related Party Disclosures', the Company may be required to disclose transactions with the entities included below, notwithstanding the fact that the Company does not exercise control over the financial and operating policies of those entities. For the purpose of this report, any reference to a related party is in accordance with the expanded definition of that term under the Accounting Standards.

During the half year ended 31 December 2018, the following transactions with entities that may be regarded as related parties in accordance with the Accounting Standards occurred.

- i) The compensation arrangements with the Chairman and each of the Executive Directors;
- ii) The interest in the Company held directly and indirectly by the Chairman, Non-Executive Directors and Executive Directors (refer to directors' report).
- iii) Various loans, agreements and equity transactions occurred between entities within the Group and with associated entities as noted below.

The following abbreviations have been used throughout the following transaction details:

Samuel Axe - Samuel Axe Enhanced Fund Ltd

William Kidd - William Kidd Ltd

During the half year ended 31 December 2018, the following related party transactions occurred:

| | Consolidated | |
|--|---------------------|--------------------|
| | 31 Dec 2018 | 31 Dec 2017 |
| | \$ | \$ |
| Sale of goods and services: | | |
| Management fees charged by the Company to HML | 456,087 | 1,092,427 |
| Management fees charged by the Company to BHD | 252,604 | 630,941 |
| Brokerage fees charged to HML | 431,695 | 1,292,382 |
| Brokerage fees charged to BHD | 885,737 | 2,060,578 |
| Commission charged to BHD | 79,638 | 163,889 |
| Performance fees charged by the Company to HML | - | 472,398 |
| Performance fees charged by the Company to BHD | - | 431,632 |
| Other income: | | |
| Dividends received from BHD | - | 4,800 |
| Other income for time involved in audit and other professional services charged to HML | 214,569 | 697,754 |
| Other income for time involved in audit and other professional services charged to BHD | 184,564 | 77,902 |
| Payment for other expenses: | | |
| Interest incurred on loan from HML | 120,893 | 21,884 |
| Interest incurred on loan from BHD | 344,173 | 64,562 |
| Genesis profit sharing arrangement with HML | - | 101,588 |
| Foreign currency banknote usage fee paid to BHD | 33,520 | 527,207 |
| Foreign currency banknote usage fee paid to HML | 13,982 | 91,304 |
| Genesis profit sharing arrangement with BHD | - | 70,919 |

John Bridgeman Limited
Notes to the financial statements
31 December 2018

Note 26. Related party transactions (continued)

Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

| | Consolidated | |
|--|---------------------|--------------------|
| | 31 Dec 2018 | 30 Jun 2018 |
| | \$ | \$ |
| Current receivables: | | |
| Receivable from BHD | 6,006 | - |
| Brokerage fee receivable from HML | 4,290 | 5,413 |
| Other receivable from Samuel Axe | 27,875 | 26,445 |
| Other receivable from William Kidd | 25,940 | 24,510 |
| Current payables: | | |
| Management fee payable to HML | - | 6,250 |
| Trade payables to HML | 13,340 | 106,305 |
| Foreign currency banknotes held on behalf of HML | - | 645,604 |
| Trade payables to BHD | 125,386 | 4,582,308 |
| Genesis payable to BHD | - | 70,919 |
| Foreign currency banknotes held on behalf of BHD | 1,752,799 | 7,567,612 |
| Interest payable to BHD | 34,323 | - |

Loans to/from related parties

The following balances are outstanding at the reporting date in relation to loans with related parties:

| | Consolidated | |
|---------------------------------|---------------------|--------------------|
| | 31 Dec 2018 | 30 Jun 2018 |
| | \$ | \$ |
| Borrowings: | | |
| Loan from HML | 2,714,824 | 471,884 |
| Loan from other related parties | 303,724 | 38,095 |
| Other loan from related party | - | 1,041 |
| Convertible loan with BHD | 2,412,300 | 2,305,278 |
| Loan from BHD | 6,304,620 | - |
| Loan from director | 250,000 | - |

Other transactions

The Company continued to carry an investment in HML which has been valued using the net asset value of HML as of 31 December 2018. The investment was valued at \$3,196,734. (30 June 2018:3,544,893)

As at 31 December 2018, the Company continued to carry an investment in BHD valued at \$37,004 (30 June 2018: \$37,004) and BHD Options valued at \$42,520 (30 June 2018: \$42,520)

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates. Terms and conditions in respect of the loans are disclosed in the notes on borrowings.

Changes in investments in consolidated entities

From the start of the financial year to 31 December 2018, the Company acquired 886,856 shares from third parties. These transactions increased the Company's direct investment in JBFG to 2,037,419 shares (7.57%) (2018: 1,150,563 shares (4.27%)), taking the Company's investment in JBFG to \$11,231,307 (2018: \$7,031,582).

John Bridgeman Limited
Notes to the financial statements
31 December 2018

Note 27. Events after the reporting period

JBL takeover offers for Henry Morgan Limited and Benjamin Hornigold Limited

On 10 September 2018, the Company announced its intention to make off-market scrip takeover bids:
- to acquire all of the issued shares in Henry Morgan Limited (HML) that it did not currently own; and
- to acquire all of the issued shares and options in Benjamin Hornigold Limited (BHD) that it did not currently own.
The Company declared both bids free from conditions on 24 December 2018.

On 28 December 2018, an application was made by certain shareholders in HML and BHD to the Takeovers Panel in respect of both bids. At the time of the application, JBL had a relevant interest in 53.56% of the shares in the HML and 38.87% of the shares in BHD.

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

On 25 January 2019, the Panel made separate declarations of unacceptable circumstances in relation to the affairs of HML and BHD, and made final orders on 8 February 2019, which were released via the NSX announcements platform. As a result, all acceptances received by the Company under the bids were cancelled on 19 February 2019. On 5 March 2019, the Company announced its decision not to proceed further with its bid for BHD. However, the Company is proceeding with its bid for HML and intends to issue a replacement bidder's statement to HML shareholders including certain information prescribed in the orders.

Non-current liabilities - borrowings repaid

On 17 September 2018, the Company entered into a repayment arrangement for \$4,500,000 to be repaid on 18 March 2020, with an interest rate of 11.5% per annum. As at 31 December 2018, the balance owing was \$4,500,000 with all accrued interest paid (refer to note 21). The loan has since been repaid.

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

John Bridgeman Limited
Directors' declaration
31 December 2018

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors



Stuart McAuliffe
Managing Director

14 March 2019



PILOT PARTNERS

Chartered Accountants

Level 10, Waterfront Place
1 Eagle St. Brisbane 4000

PO Box 7095 Brisbane 4001
Queensland Australia

P +61 7 3023 1300
F +61 7 3229 1227

pilotpartners.com.au

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF

JOHN BRIDGEMAN LIMITED

REPORT ON THE HALF YEAR FINANCIAL REPORT

We have reviewed the accompanying half year financial report of John Bridgeman Limited ("the Company" and its subsidiaries ("the Group")), which comprises the consolidated condensed balance sheet as at 31 December 2018 and the consolidated condensed income statement, consolidated condensed statement of changes in equity and consolidated condensed cash flow statement for the half year ended on that date, a statement of significant accounting policies, other selected explanatory notes and the directors' declaration.

DIRECTORS' RESPONSIBILITY FOR THE HALF YEAR FINANCIAL REPORT

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

AUDITOR'S RESPONSIBILITY

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

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.



A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion

INDEPENDENCE

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

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 2 in the financial report, which indicates that the Group incurred a net loss of \$1,525,777 during the half-year ended 31 December 2018 and, had negative cash flows from operations of \$157,762 for the same half-year period. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern, and therefore, whether it will realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

OTHER MATTER

The financial report of the Group, for the year ended 30 June 2018, was audited by another auditor who expressed an unmodified opinion on that report on 19 October 2018. The audit report contained a separate section under the heading Material Uncertainty Related to Going Concern.



CONCLUSION

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the half year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

PILOT PARTNERS
Chartered Accountants

CHRIS KING
Partner

Signed on

14 March 2019

Level 10
1 Eagle Street
Brisbane Qld 4000



Need help?

Contact John Bridgeman Limited (JBL)
Offer Information Line
Phone 1300 405 577 (from within Australia)
Phone +61 1300 405 577 (from outside Australia)

A Your name

SAMPLE NAME 1
SAMPLE NAME 2
<SAMPLE A/C>
SAMPLE ADDRESS 1
SAMPLE ADDRESS 2

Your holding

Securityholder Reference Number: 112345678910
Benjamin Hornigold Limited Shares held 99,999,999

If your holding has changed, then write your current holding here. Your acceptance will be granted over your updated holding.

This is an important document. If you are in doubt as to how to complete this form, please consult your financial or other professional adviser immediately.

Transfer and Acceptance Form – Issuer Sponsored Subregister

This is a personalised form for the sole use of the holder and holding recorded above.

B You must give your instructions to accept the Offer

If you correctly sign and return this form you will be deemed to have accepted the Offer in respect of **ALL** of your Benjamin Hornigold Limited Shares. Your form must be received by the Closing Date.

Offer Consideration – 1 JBL Share for each BHD Share (fractional entitlements will be rounded to the nearest whole number of JBL Shares)

C Contact details

Please provide your contact name and telephone number in case we need to speak to you about this Acceptance Form.

Telephone Number where you can be contacted during business hours

Contact Name (PRINT)

D You must sign this form for your instructions in this Acceptance Form to be executed

I/We, the person(s) named above, accept the Offer in respect of all my/our Benjamin Hornigold Limited Shares and hereby agree to transfer to John Bridgeman Limited (JBL) all my/our Benjamin Hornigold Limited Shares for the consideration specified in the Offer, and on the terms and conditions of the Offer as set out in the Bidder's Statement.

Shareholder 1 (Individual)

Sole Director & Sole Company Secretary

Shareholder 2 (Individual)

Secretary/Director (delete one)

Shareholder 3 (Individual)

Director

Please refer overleaf for further important instructions

REGISTRY USE ONLY



SRN



Holding

BHDT TKO001



Further Important Instructions

Your Benjamin Hornigold Limited Shares are in an Issuer Sponsored Holding. To accept the Offer, you must complete and return this Acceptance Form in accordance with the instructions below.

Please refer to the Bidder's Statement dated 3 May 2019 which accompanies this Acceptance Form. Terms are defined in the Bidder's Statement and have the same meaning in this Acceptance Form.

Completion instructions

- A** • **Please check the front page** to ensure that your name and address are correct. If incorrect, please write your correct details and initial the amendments. Amendments to your name can only be processed by your Benjamin Hornigold Limited Registry.
- **Please note** your consideration will be issued in the names as they appear on the Benjamin Hornigold Limited register.
- D** • **Please sign this Acceptance Form** in the places for signature(s) set out on the front page and in accordance with the following instructions:
 - **Joint Shareholders:** If your Benjamin Hornigold Limited Shares are held in the names of more than one person, all of those persons must sign this Acceptance Form.
 - **Corporations:** This Acceptance Form must be signed by either two directors or a director and a company secretary. Alternatively, where the company has a sole director and, pursuant to the Corporations Act, there is no company secretary, or where the sole director is also the sole company secretary, that director may sign alone. Alternatively, a duly appointed attorney may sign.
 - **Powers of attorney:** If this Acceptance Form is signed under a power of attorney, please attach a certified copy of the power of attorney to this Acceptance Form when you return it. If this Acceptance Form is signed under Power of Attorney, the attorney declares that he/she has no notice of revocation of the Power of Attorney.
 - **Deceased Estates:** All the executors and administrators must sign this Acceptance Form. When you return this Acceptance Form, please attach it to a certified copy of probate, letters of administration or certificate of grant accompanied (where required by law for the purpose of transfer) by a certificate of payment of death or succession duties and (if necessary) a statement in terms of Section 1071B(9)(b)(iii) of the Corporations Act.

Personal Information Collection Notification Statement: Personal information about you is held on the public register in accordance with Chapter 2C of the *Corporations Act 2001*. For details about Link Group's personal information handling practices including collection, use and disclosure, how you may access and correct your personal information and raise privacy concerns, visit our website at www.linkmarketservices.com.au for a copy of the Link Group condensed privacy statement, or contact us by phone on +61 1800 502 355 (free call within Australia) 9am–5pm (Sydney time) Monday to Friday (excluding public holidays) to request a copy of our complete privacy policy.

Lodgement instructions

- Mail or deliver completed Acceptance Form(s) and any other documents required by the above instructions to:

Mailing Address

Link Market Services Limited
Benjamin Hornigold Limited (BHD) Takeover
Locked Bag A14
SYDNEY SOUTH NSW 1235

or

Hand Delivery

Link Market Services Limited
Benjamin Hornigold Limited (BHD) Takeover
1A Homebush Bay Drive
RHODES NSW 2138

- A reply paid envelope is enclosed for use within Australia.

Your acceptance must be received by no later than the end of the Offer Period, which is 7:00pm (Sydney time) on the last day of the Offer Period.

If you have any questions about the terms of the Offer or how to accept, please call the John Bridgeman Limited (JBL) Offer Information Line on the following numbers:

**within Australia: 1300 405 577
outside Australia: +61 1300 405 577**



Need help?

Contact John Bridgeman Limited (JBL)
Offer Information Line
Phone 1300 405 577 (from within Australia)
Phone +61 1300 405 577 (from outside Australia)

A Your name

SAMPLE NAME 1
SAMPLE NAME 2
<SAMPLE A/C>
SAMPLE ADDRESS 1
SAMPLE ADDRESS 2

Your holding

Securityholder Reference Number: 112345678910
Benjamin Hornigold Limited Options held 99,999,999

If your holding has changed, then write your current holding here. Your acceptance will be granted over your updated holding.

This is an important document. If you are in doubt as to how to complete this form, please consult your financial or other professional adviser immediately.

Transfer and Acceptance Form – Issuer Sponsored Subregister

This is a personalised form for the sole use of the holder and holding recorded above.

B You must give your instructions to accept the Offer

If you correctly sign and return this form you will be deemed to have accepted the Offer in respect of **ALL** of your Benjamin Hornigold Limited Options. Your form must be received by the Closing Date.

Offer Consideration – 0.5 JBL Options for each BHD Option (fractional entitlements will be rounded to the nearest whole number of JBL Options)

C Contact details

Please provide your contact name and telephone number in case we need to speak to you about this Acceptance Form.

Telephone Number where you can be contacted during business hours

Contact Name (PRINT)

D You must sign this form for your instructions in this Acceptance Form to be executed

I/We, the person(s) named above, accept the Offer in respect of all my/our Benjamin Hornigold Limited Options and hereby agree to transfer to John Bridgeman Limited (JBL) all my/our Benjamin Hornigold Limited Options for the consideration specified in the Offer, and on the terms and conditions of the Offer as set out in the Bidder's Statement.

Optionholder 1 (Individual)

Sole Director & Sole Company Secretary

Optionholder 2 (Individual)

Secretary/Director (delete one)

Optionholder 3 (Individual)

Director

Please refer overleaf for further important instructions

REGISTRY USE ONLY



SRN



Holding

BHDT TKO003



Further Important Instructions

Your Benjamin Hornigold Limited Options are in an Issuer Sponsored Holding. To accept the Offer, you must complete and return this Acceptance Form in accordance with the instructions below.

Please refer to the Bidder's Statement dated 3 May 2019 which accompanies this Acceptance Form. Terms are defined in the Bidder's Statement and have the same meaning in this Acceptance Form.

Completion instructions

- A** • **Please check the front page** to ensure that your name and address are correct. If incorrect, please write your correct details and initial the amendments. Amendments to your name can only be processed by your Benjamin Hornigold Limited Registry.
- **Please note** your consideration will be issued in the names as they appear on the Benjamin Hornigold Limited register.
- D** • **Please sign this Acceptance Form** in the places for signature(s) set out on the front page and in accordance with the following instructions:
 - **Joint Optionholders:** If your Benjamin Hornigold Limited Options are held in the names of more than one person, all of those persons must sign this Acceptance Form.
 - **Corporations:** This Acceptance Form must be signed by either two directors or a director and a company secretary. Alternatively, where the company has a sole director and, pursuant to the Corporations Act, there is no company secretary, or where the sole director is also the sole company secretary, that director may sign alone. Alternatively, a duly appointed attorney may sign.
 - **Powers of attorney:** If this Acceptance Form is signed under a power of attorney, please attach a certified copy of the power of attorney to this Acceptance Form when you return it. If this Acceptance Form is signed under Power of Attorney, the attorney declares that he/she has no notice of revocation of the Power of Attorney.
 - **Deceased Estates:** All the executors and administrators must sign this Acceptance Form. When you return this Acceptance Form, please attach it to a certified copy of probate, letters of administration or certificate of grant accompanied (where required by law for the purpose of transfer) by a certificate of payment of death or succession duties and (if necessary) a statement in terms of Section 1071B(9)(b)(iii) of the Corporations Act.

Personal Information Collection Notification Statement: Personal information about you is held on the public register in accordance with Chapter 2C of the *Corporations Act 2001*. For details about Link Group's personal information handling practices including collection, use and disclosure, how you may access and correct your personal information and raise privacy concerns, visit our website at www.linkmarketservices.com.au for a copy of the Link Group condensed privacy statement, or contact us by phone on +61 1800 502 355 (free call within Australia) 9am–5pm (Sydney time) Monday to Friday (excluding public holidays) to request a copy of our complete privacy policy.

Lodgement instructions

- Mail or deliver completed Acceptance Form(s) and any other documents required by the above instructions to:

Mailing Address

Link Market Services Limited
Benjamin Hornigold Limited (BHD) Takeover
Locked Bag A14
SYDNEY SOUTH NSW 1235

or

Hand Delivery

Link Market Services Limited
Benjamin Hornigold Limited (BHD) Takeover
1A Homebush Bay Drive
RHODES NSW 2138

- A reply paid envelope is enclosed for use within Australia.

Your acceptance must be received by no later than the end of the Offer Period, which is 7:00pm (Sydney time) on the last day of the Offer Period.

If you have any questions about the terms of the Offer or how to accept, please call the John Bridgeman Limited (JBL) Offer Information Line on the following numbers:

within Australia: 1300 405 577
outside Australia: +61 1300 405 577



Need help?

Contact John Bridgeman Limited (JBL)
Offer Information Line
Phone 1300 405 577 (from within Australia)
Phone +61 1300 405 577 (from outside Australia)

A Your name

SAMPLE NAME 1
SAMPLE NAME 2
<SAMPLE A/C>
SAMPLE ADDRESS 1
SAMPLE ADDRESS 2

Your holding

Holder Identification Number: X12345678910
Benjamin Hornigold Limited Shares held 99,999,999
If your holding has changed, then write your current holding here.

This is an important document. If you are in doubt as to how to complete this form, please consult your financial or other professional adviser immediately.

CONTROLLING PARTICIPANT'S NAME
Broker's Name printed here

Transfer and Acceptance Form – CHESS Subregister

This is a personalised form for the sole use of the holder and holding recorded above.

B You must give your instructions to your controlling participant to accept the Offer

If you correctly sign and return this form you will be deemed to have accepted the Offer in respect of **ALL** of your Benjamin Hornigold Limited Shares.

Offer Consideration – 1 JBL Share for each BHD Share (fractional entitlements will be rounded to the nearest whole number of JBL Shares)

To accept the Offer you may either:

- directly instruct your Controlling Participant to accept the Offer on your behalf; or
 - sign and return this Acceptance Form to the address shown overleaf so the Bidder can contact your Controlling Participant on your behalf and relay your instructions.
- If your Controlling Participant acts on your instruction CHESS will send you a confirmation notice.

C Contact details

Please provide your contact name and telephone number in case we need to speak to you about this Acceptance Form.

Telephone Number where you can be contacted during business hours

Contact Name (PRINT)

D You must sign this form for your instructions in this Acceptance Form to be executed

I/We, the person(s) named above, accept the Offer in respect of all my/our Benjamin Hornigold Limited Shares and hereby agree to transfer to John Bridgeman Limited (JBL) all my/our Benjamin Hornigold Limited Shares for the consideration specified in the Offer, and on the terms and conditions of the Offer as set out in the Bidder's Statement.

Shareholder 1 (Individual)

Sole Director & Sole Company Secretary

Shareholder 2 (Individual)

Secretary/Director (delete one)

Shareholder 3 (Individual)

Director

Please refer overleaf for further important instructions

REGISTRY USE ONLY



HIN



Broker PID



Holding

BHDT TKO002



Further Important Instructions

Your Benjamin Hornigold Limited Shares are in a CHESS Holding, you do not need to complete and return this Acceptance Form to the registry to accept the Offer. You can instead contact your Controlling Participant and instruct them to accept the Offer on your behalf in sufficient time before the end of the Offer Period to enable your Controlling Participant to give effect to your acceptance of the Offer on CHESS during business hours. If you decide to use this Acceptance Form to authorise us to contact your Controlling Participant on your behalf, follow the instructions below. You should allow Link Market Services Limited ("Link") sufficient time for the delivery of the Acceptance Form to your Controlling Participant on your behalf. Neither John Bridgeman Limited (JBL), nor Link will be responsible for any delays incurred by this process.

Please refer to the Bidder's Statement dated 3 May 2019 which accompanies this Acceptance Form. Terms are defined in the Bidder's Statement and have the same meaning in this Acceptance Form.

Completion instructions

- A**
- **Please check the front page** to ensure that your name and address are correct. If incorrect, please write your correct details and initial the amendments. Amendments to your name or address can only be processed by your Controlling Participant.
 - **Please note** your consideration will be issued in the names as they appear on the Benjamin Hornigold Limited register.
- D**
- **Please sign this Acceptance Form** in the places for signature(s) set out on the front page and in accordance with the following instructions:
 - **Joint Shareholders:** If your Benjamin Hornigold Limited Shares are held in the names of more than one person, all of those persons must sign this Acceptance Form.
 - **Corporations:** This Acceptance Form must be signed by either two directors or a director and a company secretary. Alternatively, where the company has a sole director and, pursuant to the Corporations Act, there is no company secretary, or where the sole director is also the sole company secretary, that director may sign alone. Alternatively, a duly appointed attorney may sign.
 - **Powers of attorney:** If this Acceptance Form is signed under a power of attorney, please attach a certified copy of the power of attorney to this Acceptance Form when you return it. If this Acceptance Form is signed under Power of Attorney, the attorney declares that he/she has no notice of revocation of the Power of Attorney.
 - **Deceased Estates:** All the executors and administrators must sign this Acceptance Form. When you return this Acceptance Form, please attach it to a certified copy of probate, letters of administration or certificate of grant accompanied (where required by law for the purpose of transfer) by a certificate of payment of death or succession duties and (if necessary) a statement in terms of Section 1071B(9)(b)(iii) of the Corporations Act.

Personal Information Collection Notification Statement: Personal information about you is held on the public register in accordance with Chapter 2C of the *Corporations Act 2001*. For details about Link Group's personal information handling practices including collection, use and disclosure, how you may access and correct your personal information and raise privacy concerns, visit our website at www.linkmarketservices.com.au for a copy of the Link Group condensed privacy statement, or contact us by phone on +61 1800 502 355 (free call within Australia) 9am–5pm (Sydney time) Monday to Friday (excluding public holidays) to request a copy of our complete privacy policy.

Lodgement instructions

- Mail or deliver completed Acceptance Form(s) and any other documents required by the above instructions to:

Mailing Address

Link Market Services Limited
Benjamin Hornigold Limited (BHD) Takeover
Locked Bag A14
SYDNEY SOUTH NSW 1235

or

Hand Delivery

Link Market Services Limited
Benjamin Hornigold Limited (BHD) Takeover
1A Homebush Bay Drive
RHODES NSW 2138

- A reply paid envelope is enclosed for use within Australia.

Your acceptance must be received by no later than the end of the Offer Period, which is 7:00pm (Sydney time) on the last day of the Offer Period.

If you have any questions about the terms of the Offer or how to accept, please call the John Bridgeman Limited (JBL) Offer Information Line on the following numbers:

**within Australia: 1300 405 577
outside Australia: +61 1300 405 577**



Need help?

Contact John Bridgeman Limited (JBL)
Offer Information Line
Phone 1300 405 577 (from within Australia)
Phone +61 1300 405 577 (from outside Australia)

A Your name

SAMPLE NAME 1
SAMPLE NAME 2
<SAMPLE A/C>
SAMPLE ADDRESS 1
SAMPLE ADDRESS 2

Your holding

Holder Identification Number: X12345678910
Benjamin Hornigold Limited Options held 99,999,999
If your holding has changed, then write your current holding here.

This is an important document. If you are in doubt as to how to complete this form, please consult your financial or other professional adviser immediately.

CONTROLLING PARTICIPANT'S NAME
Broker's Name printed here

Transfer and Acceptance Form – CHESSE Subregister

This is a personalised form for the sole use of the holder and holding recorded above.

B You must give your instructions to your controlling participant to accept the Offer

If you correctly sign and return this form you will be deemed to have accepted the Offer in respect of **ALL** of your Benjamin Hornigold Limited Options.

Offer Consideration – 0.5 JBL Options for each BHD Option (fractional entitlements will be rounded to the nearest whole number of JBL Options)

To accept the Offer you may either:

- directly instruct your Controlling Participant to accept the Offer on your behalf; or
 - sign and return this Acceptance Form to the address shown overleaf so the Bidder can contact your Controlling Participant on your behalf and relay your instructions.
- If your Controlling Participant acts on your instruction CHESSE will send you a confirmation notice.

C Contact details

Please provide your contact name and telephone number in case we need to speak to you about this Acceptance Form.

Telephone Number where you can be contacted during business hours

Contact Name (PRINT)

D You must sign this form for your instructions in this Acceptance Form to be executed

I/We, the person(s) named above, accept the Offer in respect of all my/our Benjamin Hornigold Limited Options and hereby agree to transfer to John Bridgeman Limited (JBL) all my/our Benjamin Hornigold Limited Options for the consideration specified in the Offer, and on the terms and conditions of the Offer as set out in the Bidder's Statement.

Optionholder 1 (Individual)

Sole Director & Sole Company Secretary

Optionholder 2 (Individual)

Secretary/Director (delete one)

Optionholder 3 (Individual)

Director

Please refer overleaf for further important instructions

REGISTRY USE ONLY



HIN



Broker PID



Holding

BHDT TKO004



Further Important Instructions

Your Benjamin Hornigold Limited Options are in a CHES Holding, you do not need to complete and return this Acceptance Form to the registry to accept the Offer. You can instead contact your Controlling Participant and instruct them to accept the Offer on your behalf in sufficient time before the end of the Offer Period to enable your Controlling Participant to give effect to your acceptance of the Offer on CHES during business hours. If you decide to use this Acceptance Form to authorise us to contact your Controlling Participant on your behalf, follow the instructions below. You should allow Link Market Services Limited ("Link") sufficient time for the delivery of the Acceptance Form to your Controlling Participant on your behalf. Neither John Bridgeman Limited (JBL), nor Link will be responsible for any delays incurred by this process.

Please refer to the Bidder's Statement dated 3 May 2019 which accompanies this Acceptance Form. Terms are defined in the Bidder's Statement and have the same meaning in this Acceptance Form.

Completion instructions

- A**
- **Please check the front page** to ensure that your name and address are correct. If incorrect, please write your correct details and initial the amendments. Amendments to your name or address can only be processed by your Controlling Participant.
 - **Please note** your consideration will be issued in the names as they appear on the Benjamin Hornigold Limited register.
- D**
- **Please sign this Acceptance Form** in the places for signature(s) set out on the front page and in accordance with the following instructions:
 - **Joint Optionholders:** If your Benjamin Hornigold Limited Options are held in the names of more than one person, all of those persons must sign this Acceptance Form.
 - **Corporations:** This Acceptance Form must be signed by either two directors or a director and a company secretary. Alternatively, where the company has a sole director and, pursuant to the Corporations Act, there is no company secretary, or where the sole director is also the sole company secretary, that director may sign alone. Alternatively, a duly appointed attorney may sign.
 - **Powers of attorney:** If this Acceptance Form is signed under a power of attorney, please attach a certified copy of the power of attorney to this Acceptance Form when you return it. If this Acceptance Form is signed under Power of Attorney, the attorney declares that he/she has no notice of revocation of the Power of Attorney.
 - **Deceased Estates:** All the executors and administrators must sign this Acceptance Form. When you return this Acceptance Form, please attach it to a certified copy of probate, letters of administration or certificate of grant accompanied (where required by law for the purpose of transfer) by a certificate of payment of death or succession duties and (if necessary) a statement in terms of Section 1071B(9)(b)(iii) of the Corporations Act.

Personal Information Collection Notification Statement: Personal information about you is held on the public register in accordance with Chapter 2C of the *Corporations Act 2001*. For details about Link Group's personal information handling practices including collection, use and disclosure, how you may access and correct your personal information and raise privacy concerns, visit our website at www.linkmarketservices.com.au for a copy of the Link Group condensed privacy statement, or contact us by phone on +61 1800 502 355 (free call within Australia) 9am–5pm (Sydney time) Monday to Friday (excluding public holidays) to request a copy of our complete privacy policy.

Lodgement instructions

- Mail or deliver completed Acceptance Form(s) and any other documents required by the above instructions to:

Mailing Address

Link Market Services Limited
Benjamin Hornigold Limited (BHD) Takeover
Locked Bag A14
SYDNEY SOUTH NSW 1235

or

Hand Delivery

Link Market Services Limited
Benjamin Hornigold Limited (BHD) Takeover
1A Homebush Bay Drive
RHODES NSW 2138

- A reply paid envelope is enclosed for use within Australia.

Your acceptance must be received by no later than the end of the Offer Period, which is 7:00pm (Sydney time) on the last day of the Offer Period.

If you have any questions about the terms of the Offer or how to accept, please call the John Bridgeman Limited (JBL) Offer Information Line on the following numbers:

**within Australia: 1300 405 577
outside Australia: +61 1300 405 577**