



Financial Report

For the Half-Year Ended 31 December 2015

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CORPORATE DIRECTORY

Directors	Shane Tanner Faldi Ismail Jonathan Lim
Company Secretary	Heath Roberts
Registered Office	C\ - Liverpool Partners Level 2 Suite 202 50 Clarence Street Sydney NSW 2000
Principal Place of Business	C\ - Liverpool Partners Level 2 Suite 202 50 Clarence Street Sydney NSW 2000
Share Register	Automatic Registry Services Level 1 7 Ventnor Avenue West Perth WA 6005
Auditor	Ernst & Young 680 George Street NSW 2000 Sydney
Solicitors	Whittens & McKeough Level 5 137 - 139 Bathurst Street Sydney NSW 2000
Bankers	National Australia Bank 6/259 Bannister Road Canning Vale WA 6155
Accounting Services	Professional Edge Pty Ltd GPO Box 1458 Sydney NSW 2000
Securities Exchange Listing	BGD Corporation Ltd shares are listed on the Australian Securities Exchange (ASX code: BGD)

Your Directors present their report together with the financial statements of BGD Corporation Ltd (the "Company" or "BGD") and its subsidiaries (together the "Group") for the financial half-year ended 31 December 2015.

Directors

The names of the Directors who held office from 1 July 2015 to date of this report, unless otherwise stated, are:

- Shane Tanner – Non-executive Chairman
- Faldi Ismail – Non-executive Director
- Jonathan Lim - Non-executive Director (appointed 11 November 2015)
- Craig Higgins – Non-executive Director (resigned 11 November 2015)

Review of Operations

On 8 October 2015 the Company entered into a binding Heads of Agreement to acquire certain businesses and assets of Modern Medical Pty Ltd ("MMG"), a leading provider of primary healthcare services ("Modern Medical Transaction"). This was part of a revised corporate strategy to establish a primary healthcare business in medical general practice and allied health. This strategy is being implemented through a combination of acquisitions and expansion of service offerings.

Shareholder approval for all actions necessary to implement the Modern Medical Transaction was received on 7 January 2016. For further detail on BGD's proposed primary healthcare strategy and the acquisition of MMG please refer to the presentation lodged with the ASX on 11 November 2015.

As part of this strategy the Company also consolidated its shares on a 1 for 3 basis (completed on 15 January 2016) and undertook to dispose of its stake in the Euroa Steel Plant Project Joint Venture ("ESPP"). In this regard, the Company's investment in ESPP has been fully provided for in the accompanying accounts, pending divestment.

In deciding to pursue a health care strategy, the Board considered carefully the:

- Compelling macroeconomic growth drivers in healthcare including a growing and ageing population and an increased incidence of chronic disease;
- Favourable government funding policies pushing supply from public to private service providers;
- Significant scope for ongoing industry consolidation with incumbent corporate groups accounting for less than 10% of the acquirable market; and the
- Opportunity to provide a differentiated point of care in the clinics by way of acquiring and building integrated medical clinics which house both primary healthcare and a range of allied health services (e.g. physiotherapy, mental health and optometry).

The MMG acquisition will serve as BGD's platform asset to enter into this sector. Investment highlights of the MMG business include:

- Patient growth of circa 18% per annum over the past 3 years;
- Platform asset scale comprising up to six clinics which may be acquired in three tranches providing future growth for BGD; and
- MMG has heavily invested capital in both systems and processes with the business now primed for growth.

On completion of the acquisition, BGD will acquire two clinics operated by MMG (in Caroline Springs and Balwyn), with options granted over a further four MMG clinics ("Options").

The acquisition agreement includes a number of conditions precedent. A summary of these and their status as at the date of this report follows:

- Execution of business sale agreement in a form satisfactory to the relevant parties – completed 11 November 2015;
- Receipt of required approvals, including that of ASX and BGD shareholders; - completed 7 January 2016;
- Successful completion of a capital raising to fund the cash consideration – completed 25 January 2016;
- Completion of satisfactory legal, accounting, operational, and tax due diligence - completed; and
- The retention of at least 60% of doctors engaged by MMG – completed.

MMG founder, Dr Todd Cameron, will join the BGD board on completion of the Modern Medical Transaction, enhancing the board's expertise in the primary healthcare sector.

On completion of the acquisition the Company will pay to MMG the upfront purchase price for the Caroline Springs and Balwyn clinics of \$4.5m of which 61% (\$2.745m) will be satisfied in shares in BGD. These will not be subject to any regulator imposed escrow, however they will be subject to voluntary escrow restrictions. Approximately \$610k of chattel mortgages from the clinics will be assumed by BGD.

DIRECTORS' REPORT

For the half-year ended 31 December 2015

The upfront purchase price will be potentially reduced at completion of the transaction to account for certain employee entitlements of transitioning employees and to maintain a minimum amount of working capital. An earn-out will also be payable on the Caroline Springs and Balwyn clinics in March 2017, 50% of which is to be satisfied by the issue of BGD shares. The amount of the earn-out payment will be dependent on the clinics actual financial performance for the 12-month period ending 31 December 2016. At this stage, Directors estimate the earn-out consideration to be between \$2.8m and \$3.2m based on financial forecasts provided by MMG for this period. In the event Todd Cameron should leave the business prior to 31 March 2017, the earn-out will not be payable (except in specific circumstances which prevents him from working).

The MMG vendors will receive \$500k cash consideration in return for the granting the Options over a further four MMG clinics. This Options will be granted in two tranches exercisable prior to March 2018 and 2019 respectively. The exercise price of the Options will be dependent on the financial performance of the clinics in the 12-month period prior to them being exercised.

BGD will provide management services to the option clinics until all Options have been exercised or lapsed. BGD will charge a management fee, to recover the cost of supplying such services.

In order to raise sufficient funds to complete the Modern Medical Transaction the Company undertook a capital raising and on 13 January 2016, issued a Replacement Prospectus to raise between \$4m and \$6m by the issue of up to 153,846,154 (post 1 for 3 consolidation) shares at an issue price of \$0.039 per share. On 26 January 2016 the Company announced that its share offer had closed oversubscribed and would be scaled back to the \$4m maximum to be raised.

The acquisition of MMG represents a 'change in the nature and scale' of the Company's operations and, as is normal practice in this case, on shareholder approval of the transaction the Company's shares were suspended from trading on the ASX. As at the date of this report the Company is working through certain re-listing matters with the ASX. Once this processes is satisfactorily concluded and the transaction completed, the Company's shares are expected to re-commence trading in the ordinary course. At this stage, Directors expect that this will occur in March 2016.

The loss for the Company during the half-year was \$918k (2014: \$876k).

Subsequent Events

The review of operations discussed above covers the period of the half-year ending 31 December 2015 and up to the date of this report. Details of all events that occurred specifically between 31 December 2015 and the date of this reported are shown in note 13 to the financial statements.

Auditor's Independence Declaration

The auditor's independence declaration for the half-year ended 31 December 2015 has been received and a copy is reproduced on page 4.

Rounding

The amounts contained in this report and in the half year financial report have been rounded to the nearest dollar (where rounding is applicable) unless otherwise indicated.

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



Shane Tanner

Chairman

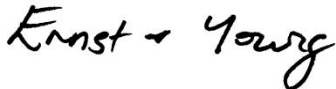
Sydney, 29 February 2016

Auditor's Independence Declaration to the Directors of BGD Corporation Ltd

As lead auditor for the review of BGD Corporation Ltd. for the half-year ended 31 December 2015, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of BGD Corporation Ltd. and the entities it controlled during the half year.



Ernst & Young



Gamini Martinus
Partner
29 February 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half-year ended 31 December 2015

	Note	December 2015	December 2014
		\$	\$
Revenue from ordinary activities			
Interest income		7,007	123
Other income		-	353,637
Total income		7,007	353,760
Less: Expenses			
Corporate expenses		102,304	99,328
Directors' fees		54,833	46,866
Loss on foreign exchange		2,090	-
Impairment of investments	7	300,000	-
Management fees		120,000	200,000
Modern Medical Transaction costs		326,835	-
Other expenses		18,288	37,876
Share based payments		-	819,762
Total expenses		924,350	1,203,832
Loss from operating activities		(917,343)	(850,072)
Finance costs		398	25,500
Loss before income tax		(917,741)	(875,572)
Income tax expense		-	-
Loss from continuing operations after income tax		(917,741)	(875,572)
Other comprehensive profit (loss) for the half-year		-	-
Total comprehensive loss for the half-year		(917,741)	(875,572)
Earnings per share			
Basic and Diluted - cents per share	9	(0.88)	(9.67)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Note	December 2015	June 2015
		\$	\$
Current assets			
Cash and cash equivalents	6	637,991	1,204,140
Trade and other receivables		49,668	40,835
Prepayments		59,962	9,397
Total current assets		747,621	1,254,372
Non-current assets			
Investments accounted for using the equity method	7	-	300,000
Total non-current assets		-	300,000
Total assets		747,621	1,554,372
Current liabilities			
Trade and other payables		174,158	63,168
Total current liabilities		174,158	63,168
Total liabilities		174,158	63,168
Net assets		573,463	1,491,204
Equity			
Contributed equity	8	56,437,509	56,437,509
Reserves		1,362,735	1,362,735
Accumulated losses		(57,226,781)	(56,309,040)
Total equity		573,463	1,491,204

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the half-year ended 31 December 2015

	Note	December 2015	December 2014
		\$	\$
Cash flows from operating activities			-
Payments to suppliers and employees		(572,758)	(88,161)
Payments to Deed of Company Arrangement administrator		-	(373,128)
Interest received		7,007	136
Interest paid		(398)	(13,000)
Net cash used in operating activities		(566,149)	(474,153)
Cash flows from investing activities			
Proceeds from sale of assets		-	1
Net cash used in investing activities		-	1
Cash flows from financing activities			
Proceeds from share issue		-	3,105,795
Capital raising costs		-	(604,795)
Proceeds from borrowings		-	420,000
Repayment of borrowings		-	(145,000)
Net cash provided by financing activities		-	2,776,000
Net increase in cash held		(566,149)	2,301,848
Cash at beginning of financial year		1,204,140	7,647
Cash at end of the half-year	6	637,991	2,309,495

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half-year ended 31 December 2015

	Note	Cont. Equity	Acc. losses	Reserves	Total
		\$	\$	\$	\$
December 2015					
Balance at 1 July 2015		56,437,509	(56,309,040)	1,362,735	1,491,204
Total comprehensive loss for the half-year		-	(917,741)	-	(917,741)
Sub-total		56,437,509	(57,226,781)	1,362,735	573,463
<u>Transactions with owners in their capacity as owners</u>					
Ordinary shares issued		-	-	-	-
Share issue costs		-	-	-	-
Movement in reserves		-	-	-	-
Balance at 31 December 2015	8	56,437,509	(57,226,781)	1,362,735	573,463
December 2014					
Balance at 1 July 2014		54,036,006	(67,930,390)	13,575,267	(319,117)
Total comprehensive loss for the half-year		-	(875,572)	-	(875,572)
Sub-total		54,036,006	(68,805,962)	13,575,267	(1,194,689)
<u>Transactions with owners in their capacity as owners</u>					
Ordinary shares issued,	8	2,500,500	-	500	2,501,000
Share issue costs	8	(604,795)	-	-	(604,795)
Movement in reserves	8	499,500	-	609,336	1,108,836
Balance at 31 December 2014		56,431,211	(68,805,962)	14,185,103	1,810,352

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 31 December 2015

1. Corporate Information

BGD Corporation Ltd is a public company, listed on the Australian Securities Exchange, incorporated and domiciled in Australia. The Company's operations are currently transitioning from a developer of the Eurora Steel Plant to a leading provider of primary healthcare services.

2. Significant Accounting Policies

These general purpose financial statements for the half-year reporting period ended 31 December 2015 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001. For the purpose of preparing these financial statements, BGD is a for-profit entity.

This financial report covers BGD Corporation Ltd and was authorised for issue in accordance with a resolution of Directors on 29 February 2016.

These financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full financial report. The half-year financial report should be read in conjunction with the annual financial report of BGD Corporation Ltd as at 30 June 2015 and any public announcement made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

a) Basis of preparation

The half-year financial report has been prepared on the historical cost basis except as disclosed in the notes to the financial statements.

The amounts contained in the half year financial report have been rounded to the nearest dollar (where rounding is applicable) unless otherwise stated.

b) Significant accounting policies

The half-year financial report has been prepared using the same accounting policies as used in the annual financial report for the year ended 30 June 2015.

c) New, revised or amending Accounting Standards and Interpretations adopted

The Company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. The Group's assessment of these new standards and interpretations is that they will result in no significant changes to the amounts recognised or matters disclosed in this half-year report.

d) Fair value

Due to their short term nature, the Directors considered the carrying amounts of cash, current receivables and current payables to approximate their fair value.

e) Comparative information

The Directors who prepared the half-year financial reports for the period ended 31 December 2014 were appointed on 10 September 2014. Every reasonable effort was made by the Directors to ascertain the financial performance of the Group for this half-year period however Directors reconstructed financial records for the Group using data extracted from the Group's accounting system for the period prior to their appointment. There may have been information that the Directors were not able to obtain, which may or may not have had material on the determination of the financial performance, cash flows and changes in equity of the Group for the half-year ended 31 December 2014.

3. Related Party Transactions

Purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. During the half-year, the Group engaged the following services from entities that are controlled by members of the Group's Key Management Personnel:

Rental of office space and registered office (\$2,500) paid to Adamantium Holdings Pty Ltd, a company controlled by Director Faldi Ismail.

Project management fees (\$120,000) paid to Liverpool Partners for assistance in the identifying acquisition opportunities and the execution of the Modern Medical Transaction. Liverpool Partners is a company controlled by Director Jonathan Lim.

NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 31 December 2015

4. Segment Information

The Company has identified its operating segment based on internal reports that are reviewed and used by the chief operating decision maker in assessing performance and in determining the allocation of resources. Given the currently ongoing transition to a provider of primary healthcare services, Management has identified that the Company has one operating segment.

5. Dividends

The Company has not declared or paid a dividend during the half-year.

6. Cash and Cash Equivalent

For the purpose of the half-year financial statements, cash and cash equivalents are made up of:

Cash at bank

December 2015	June 2015
\$	\$
637,991	1,204,140

7. Investments Accounted for using the Equity Method

The Company and Gladstone Steel Plant Pty Ltd ("GSPL") each have 50% ownership of Euroa Steel Plant Project Pty Ltd ("ESPP"). As part of its previous recapitalisation, the Company transferred all of its previous business and assets to ESPP. These assets comprised the intellectual property associated with the development of the Gladstone Steel Plant.

The transfer was made in consideration for GSPL making 50% (\$300,000) of the Creditor Payment outlined in the Deed of Company Arrangement entered into by the Company prior to recapitalisation.

The Company's interest in ESPP has been accounted for using the equity method in the consolidated financial statements.

As per the terms of the Shareholder Agreement ("Agreement") between the Company and GSPL, each of the Company and GSPL can nominate one of the two directors that form the Board of ESPP. In accordance with the Agreement, the Chairman of the Board is the Director appointed by GSPL while ever it holds a 50% interest. Under the Constitution of ESPP, the Chairman has a casting vote in addition to his Director's vote. In addition, GSPL also has the right to appoint a manager to manage the business and operations of ESPP.

Therefore, while the Company has significant influence over ESPP it does not have control. As a consequence of the foregoing and in accordance with Australian Accounting Standards, the investment in ESPP has been accounted for using the Equity Method. The following table summarises the Group's investment in ESPP:

	December 2015	June 2015
	\$	\$
Investment in ESPP - Cost	300,000	300,000
Less: accumulated impairment recognised to date	(300,000)	-
Group carrying amount of investment	-	300,000

ESPP has no contingent liabilities or capital commitments. It is incorporated in Australia and its principle activities are metal forging.

NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 31 December 2015

7. Investments Accounted for using the Equity Method (cont.)

Directors are of the view that the activities of ESPP are no longer consistent with the objectives of the Company and have determined to dispose of this investment. This decision was approved by shareholders in General Meeting on 7 January 2016.

As a consequence of this, together with a view that the Company's investment in ESPP is unlikely be realised, Directors have determined to make a provision for impairment for this investment which has been included in the income statement for the Group for the half-year.

8. Contributed Equity

Ordinary Shares Number

	December 2015	December 2014
	No.	No.
Balance at the beginning of the financial year	312,013,675	552,596,852
Share consolidation of 1 for 46 shares	-	(540,583,177)
<u>Shares issued during the period</u>		
Ordinary shares issued for cash at @\$0.01 per share on 23 December 2014	-	250,000,000
Promoter shares issued for cash at @\$0.00001 per share on 23 December 2014	-	50,000,000
Balance at 31 December	312,013,675	312,013,675

Ordinary Shares Value

	\$	\$
Balance at the beginning of the financial year	56,437,509	54,036,006
<u>Shares issued during the period</u>		
Issued for cash	-	2,500,500
Fair value adjustment for promoter shares	-	499,500
Share issue costs	-	(604,795)
Balance at 31 December	56,437,509	56,431,211

On 8 September 2015, 2,500,000 options were issued to each of Mr Shane Tanner and Mr Craig Higgins. Shareholder approval for these options was first given on 8 April 2015. Due to a technical oversight on the part of the Company however, the options were not issued within the ASX listing rule 1-month time limit and as a consequence, could not be issued without further shareholder approval.

Further approval was received on 1 September 2015 and the options were subsequently issued on 8 September 2015.

For accounting purposes, 8 April 2015 was taken as the Grant Date and for the year ending 30 June 2015 these options were valued using a Black Scholes option pricing model at \$31,282. Details of this valuation and the variables used in its calculation are included in the 30 June 2015 Annual Report.

Since the end of the half-year the Company has undertaken a share consolidation on a 1 for 3 basis. This was completed on 15 January 2016.

As a result of the 1 for 3 consolidation approved by shareholders on 7 January 2016, the variables shown in the 30 June 2015 Annual Report and the number of options on issue have since been adjusted in accordance with the option terms and the standard ASX formula such that the number of options have been reduce by a factor of 3 and the exercise price increases by a factor of 3. This does not affect the value calculation shown above.

No ordinary shares were issued during the half-year, however since the end of the half-year the Company has undertaken to issue 153,846,154 (post 1 for 3 consolidation) shares at an issue price of \$0.039 per share. The purpose of this issue is to raise sufficient funds to complete the Modern Medical Transaction.

NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 31 December 2015

9. Earnings per Share

Basic earnings per share ("EPS") amounts are calculated by dividing the net profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of shares that would be issued on the issue of all dilutive potential ordinary shares into ordinary shares.

	December 2015	December 2014
	\$	\$
Loss from continuing operations used in calculating basic and diluted EPS	(917,741)	(875,572)
	No.	No.
Weighted average number of ordinary shares used in calculating basic and diluted EPS¹	104,004,590	9,050,827
	(0.88)	(9.67)
Basic and diluted earnings per share (cents)²	(0.88)	(9.67)

1) Weighted average number of ordinary shares has been reduced by a factor of 3 for the effect of the 1 for 3 share consolidation that was completed on 15 January 2016.

2) Diluted loss per share has not been calculated as the exercise of any options will be anti-dilutive.

10. Fair Value Measurement

The estimated fair value of financial instruments has been determined by the Company using available market information and appropriate valuation methods. The estimates presented are not necessarily indicative of the amounts that will ultimately be realized by the Company upon maturity or disposal. The use of different market assumptions and/or estimation methods may have a material effect on the estimated fair value amounts.

For cash and cash equivalents, trade and other receivables and trade and other payables, the carrying amounts approximate fair value, because of the short maturity and nature of these instruments, and therefore fair value information is not included in this note.

11. Commitments

On 8 October 2015 the Company entered into a binding Heads of Agreement to acquire certain businesses and assets of Modern Medical Pty Ltd ("MMG"), a leading provider of primary healthcare services ("Modern Medical Transaction").

Under the terms of this agreement, and following its now completed due diligence:

- a) The Company has agreed to pay to MMG the upfront purchase price for two medical clinics of \$4.5m of which 61% (\$2.745m) will be satisfied in shares in BGD, which will not be subject to any regulator imposed escrow, but will be subject to voluntary escrow restrictions. The upfront purchase price will be potentially reduced at completion of the transaction to account for certain employee entitlements of transitioning employees and to maintain a minimum amount of working capital.
- b) The Company has agreed to assume approximately \$610k of chattel mortgages from these two clinics.
- c) The Company has agreed to make an earn-out payment on these two clinics in March 2017 which will be dependent on the clinics actual financial performance for the 12-month period ending 31 December 2016. At this stage, Directors estimate the earn-out consideration to be between \$2.8m and \$3.2m based on financial forecasts provided by MMG for this period. Of this payment, 50% will be satisfied by the issue of BGD shares. The earn-out will not be payable if Mr Todd Cameron leaves the business prior to 31 March 2017, except in specific circumstances which prevents him from working.
- d) The Company has agreed to pay MMG cash consideration of \$500k for the granting options over a further four MMG clinics ("Options"). These Options will be granted in two tranches exercisable prior to March 2018 and 2019 respectively. The exercise price of the Options will be dependent on the financial performance of the clinics in the 12-month period prior exercise.
- e) In order to raise sufficient funds to complete the Modern Medical Transaction the Company undertook a capital raising which closed on 26 January 2016. Consequently, the Company is committed to issue 153,846,154 (post 1 for 3 consolidation) shares at an issue price of \$0.039 per share.

NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 31 December 2015

12. Going Concern

The financial statements are prepared on a going concern basis as the Company's cash flow forecast indicates it will remain cash positive past the end of February 2017. The cash flow forecast includes all of the costs associated with the Modern Medical Transaction and the expected cash inflows generated by the medical practices it intends to acquire. In the event that the acquisition does not proceed the Company's cash flow forecast still indicates that the Company will remain cash positive past the end of February 2017.

Should the Company for any reason be unable to continue as a going concern it may be required to realise its assets and discharge its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements.

The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount of liabilities that might result should the Company be unable to continue as a going concern and meet its debts as and when they fall due.

13. Subsequent Events

On 7 January 2016 the Company's shares were suspended from trading following the entering into of the Modern Medical Transaction agreement, pending compliance with ASX listing rule Chapters 1 and 2, and in particular the completion of its proposed share consolidation and the completion of the Modern Medical Transaction.

On 7 January 2016 the Company held a General Meeting to allow shareholders to determine certain matters relating to the Modern Medical Transaction. All of the resolutions were approved including a 1 for 3 consolidation of the Company's issued shares, the disposal of the Eurora Steel Project, the election of Mr Jonathan Lim to the Board and the election of Messrs Todd Cameron and Jeremy Kirkwood to the Board on completion of the Modern Medical Transaction.

On 13 January 2016 the Company issued a Replacement Prospectus to raise between \$4m and \$6m by the issue of up to 153,846,154 (post 1 for 3 consolidation) shares at an issue price of \$0.039 per share. The purpose of this issue was to raise sufficient funds to complete the Modern Medical Transaction.

On 15 January 2016 the Company announced that it had completed its share consolidation on a 1 for 3 basis. Funds received are currently held on trust pending the issue of the shares.

On 25 January 2016 the Company announced that its share offer made pursuant to the Replacement Prospectus had closed oversubscribed and would be scaled back to the \$4m maximum to be raised.

As at the date of this report the Company is working through certain re-listing matters with the ASX. Once this processes is satisfactorily concluded and the transaction completed, the Company's shares are expected to re-commence trading in the ordinary course. At this stage, Directors expect that this will occur in March 2016.

No other matters or circumstances have arisen since the end of the half-year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

The Directors of the Company declare that:

In their opinion:

- the attached financial statements and notes thereto 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 thereto give a true and fair view of the Company's financial position as at 31 December 2015 and of its performance for the financial half-year ended on that date;
- the Directors of BDG Corporation Ltd were appointed on 10 September 2014. The Directors have identified that they did not have oversight or control over the Group's reporting system at any time prior to 10 September 2014. Accordingly, the above declaration is subject to the information included in note 2 (e); 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) of the Corporations Act 2001.



Shane Tanner

Director

Sydney, 29 February 2016

To the members of BGD Corporation Ltd

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of BGD Corporation Ltd (the company), which comprises the consolidated statement of financial position as at 31 December 2015, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls that the directors determine are necessary to enable the preparation of the half-year financial report that 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 Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001*. As the auditor of BGD Corporation Ltd and the entities it controlled during the half-year, 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 have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is attached to the half-year financial report.

Basis for Qualified Conclusion

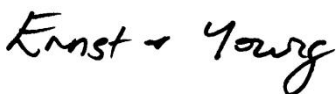
1. We were unable to obtain sufficient appropriate evidence for the transactions undertaken by the consolidated entity for the period 1 July 2014 to 10 September 2014 (the date the consolidated entity came out of administration). The transactions undertaken by the consolidated entity during this period impact the determination of the financial performance and cash flows of the consolidated entity for the half-year ended 31 December 2014.
2. We reviewed the financial statements of the company for the half-year ended 31 December 2014 and were unable to and did not express a review conclusion as to the truth and fairness of its performance for the half-year ended on that date due to the existence of limitations on the scope of our work as detailed in our auditor's review opinion dated 27 February 2015.

The results and cash flows of the company for the half-year ended 31 December 2014 are shown as comparatives in the 31 December 2015 half-year financial report.

Qualified Conclusion

Based on our review, which is not an audit, except for the possible effects on the comparative information of the matter described in the Basis for Qualified Conclusion paragraph, we have not become aware of any matter that makes us believe that the half-year financial report of BGD Corporation Ltd 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 2015 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; and*



Ernst & Young



Gamini Martinus
Partner
Sydney
29 February 2016

