

4 April 2016

The Australian Securities Exchange
20 Bridge Street
SYDNEY NSW 2000

Dear Sirs,

INDEPENDENT REPORT PURSUANT TO ASX LISTING RULE 1.3.3 (a) RELATING TO BGD CORPORATION LIMITED AND COMMENT ON REVIEW OF FINANCIAL INFORMATION

We have been requested to confirm whether BGD Corporation Limited (“BGD” or “the Company”) will have sufficient working capital at the date of re-listing (re-quotation) to carry out its stated objectives as disclosed in the Replacement Prospectus of January 2016. This report is prepared pursuant to ASX Listing Rule 1.3.3(a). Stantons International Securities Pty Ltd prepared the investigating accountant’s report contained in the January 2016 Replacement Prospectus and Stantons International Securities Pty Ltd is a wholly owned subsidiary of Stantons International Audit and Consulting Pty Ltd, a firm of registered company auditors. The author of this Report, John Van Dieren is a qualified company chartered accountant and a registered company auditor.

The pro-forma balance sheet contained in the Investigating Accountant’s Report of the Replacement Prospectus notes that cash reserves are estimated as at the end of January 2016 to total \$1,860,972 and current liabilities to total \$178,900 (but assuming the capital raising is completed and all other assumptions noted in Section 2 the IAR are completed) for a net figure of \$1,682,072.

We have reviewed the cash flow forecasts of the expanded BGD Group (including the business of Modern Medical for the three clinics to be operated under BGD Medical Centres Pty Ltd) and note that the cash flow forecasts indicate that the Company should have sufficient working capital to meet its stated objectives.

Conclusion

Based on the current cash flow forecasts of the Company post 31 January 2016, it is our view that BGD will have sufficient funds (working capital) to meet its stated objectives as outlined in the January 2016 Replacement Prospectus.

Review of Information

We were engaged by BGD to report on the financial information contained in the Investigating Accountant’s Report (“IAR”), including:

- the aggregated financial information of the trusts that operate the upfront clinics (including Modern Medical Caroline Springs Unit Trust, Caroline Springs Specialist Centre Unit Trust, Modern Medical Balwyn Unit Trust and Modern Medical Administrative Trust) for the periods ended 30 June 2015, 30 June 2014 and 30 June 2013;

- the pro forma financial information of BGD as at 30 June 2015, consisting of the pro forma consolidated statement of financial position and related notes as set out in Appendix 2 of the IAR; and
- the normalization adjustments made by Modern Medical to the upfront clinics to reflect pro forma results on an accruals basis and to eliminate costs that were one-off or not to be incurred in future years for the periods ended 30 June 2015, 30 June 2014 and 30 June 2013. (collectively “The Financial Information”)

The Financial Information has been included in Section 4: IAR of the BGD Replacement Prospectus dated 13 January 2016.

Scope

You have requested Stantons International Securities Pty Ltd (Stantons) to conduct an additional review of the Financial Information in accordance with Auditing Standard on Review Engagements ASAE 3450 – *Assurance Engagements involving Corporate Fundraising and/or Prospective Financial Information*.

The Financial Information has been derived from the historical financial information of BGD and Modern Medical Group. The pro forma financial position of BGD as at 30 June 2015 and the aggregated financial information of the trusts that operate the upfront clinics (including Modern Medical Caroline Springs Unit Trust, Caroline Springs Specialist Centre Unit Trust, Modern Medical Balwyn Unit Trust and Modern Medical Administrative Trust) for the periods ended 30 June 2015, 30 June 2014 and 30 June 2013 have been adjusted for the effects of pro forma adjustments and normalizations described in Section 4 of the Replacement Prospectus. The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the historical financial information and the events and transaction to which the pro forma adjustments and normalizations relate, as described in Section 4 of the Replacement Prospectus.

The Directors’ Responsibility for the Financial Information

The directors are responsible for the preparation and fair presentation of the Financial Information including the selection and determination of pro forma adjustments and normalizations made to the historical financial information and included in the pro forma and normalized financial information. The directors’ responsibility also includes such internal control as the directors determine necessary to enable the preparation and fair presentation of the Financial Information that is free from material misstatement whether due to fraud or error.

Assurance Practitioner’s Responsibility

Our responsibility is to express a conclusion on the Financial Information based on our review. We have conducted our engagement in accordance with Auditing Standard on Review Engagements ASAE 3450 – *Assurance Engagements involving Corporate Fundraising and/or Prospective Financial Information* which requires us to conclude whether anything has come to our attention that causes us to believe that the Financial Information is not presented fairly, in all material respects, in accordance with the Australian Accounting Standards. This Standard also requires us to comply with relevant ethical requirements.

A review in accordance with ASAE 3450 is a limited assurance engagement. The assurance practitioner performs procedures, primarily consisting of making enquiries of management and others within the entity, as appropriate, and applying analytical procedures and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with Australian Auditing Standards. Accordingly, we do not express an audit opinion on the Financial Information.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Financial Information does not present fairly, in all material respects, in accordance with Australian Accounting Standards.

Additional Scope of Report in Replacement Prospectus

Our previous report dated 11 January 2016 which included the Financial Information in Section 4 of the Replacement Prospectus was in relation to our engagement to provide an Investigating Accountants Report in accordance with Standard on Assurance Engagements ASRE 3420 – *Assurance Engagements to Report on the Compilation of Pro Forma Historical Financial Information Included in a Prospectus or other Document*.

The scope of our engagement which is the subject of this Report did not result in any changes, material misstatements or omissions in relation to the financial information in the Replacement Prospectus.

Yours faithfully
STANTONS INTERNATIONAL SECURITIES PTY LTD



John P Van Dieren, FCA
Director