

John Bridgeman Limited
NSX form 2A
31 December 2018

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

Name of issuer

JOHN BRIDGEMAN LIMITED

ACN or ARBN

55 603 477 185

Half yearly
(tick)

✓

Preliminary
final (tick)

Half year/financial year ended
(‘Current period’)

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:

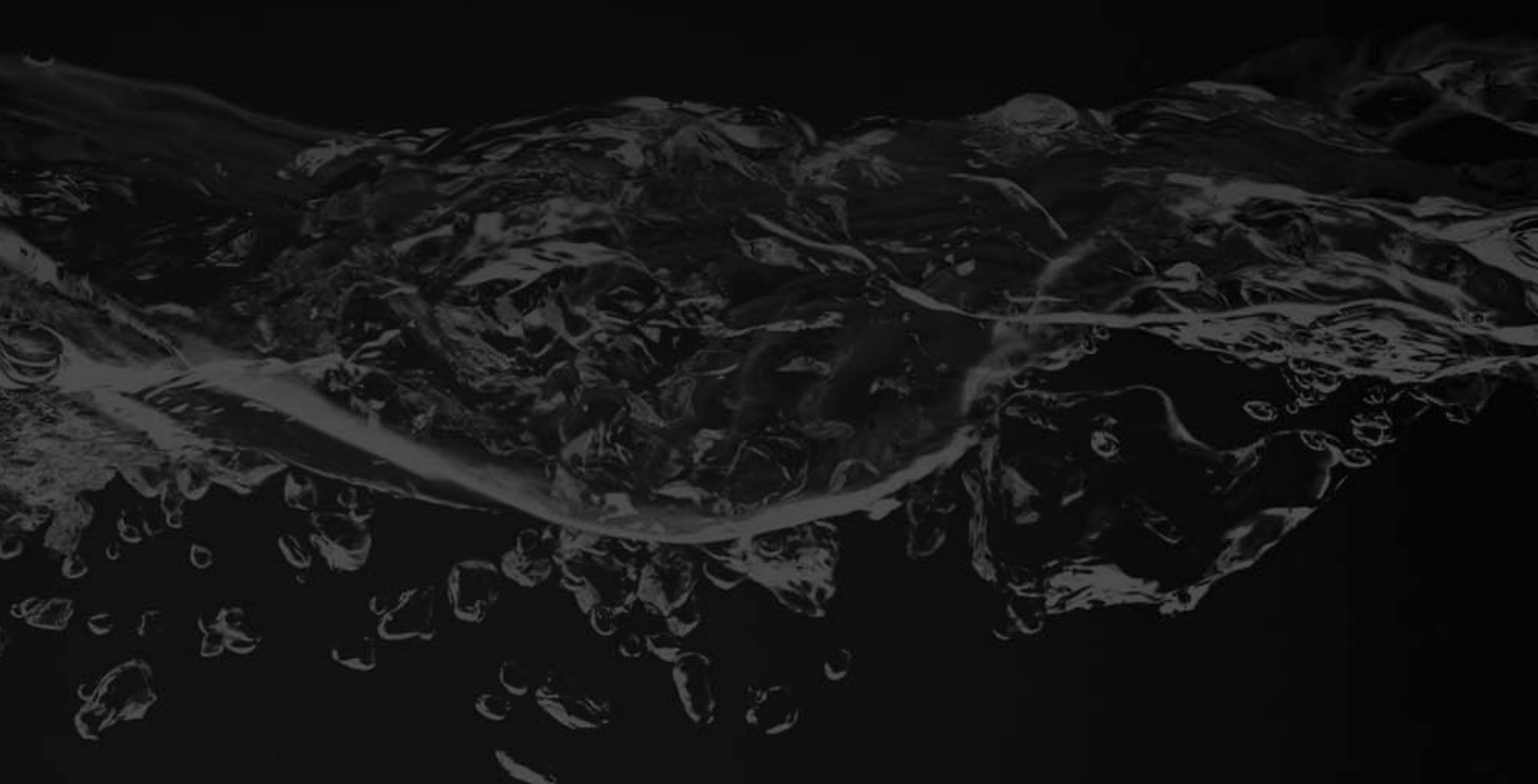

(~~Director~~/Company secretary)

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.

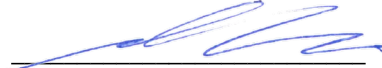
Auditor's independence declaration

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

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F +61 7 3229 1227

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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
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31 December 2018

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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

		Consolidated	
	Note	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

	Note	Consolidated 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)
Net cash used in operating activities		(157,762)	(3,035,930)
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	-
Net cash from/(used in) investing activities		387,149	(3,709,636)
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)
Net cash from financing activities		211,348	18,440,999
Net increase in cash and cash equivalents		440,735	11,695,433
Cash and cash equivalents at the beginning of the financial half-year		18,919,136	11,643,090
Cash and cash equivalents at the end of the financial half-year		<u>19,359,871</u>	<u>23,338,523</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
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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 139 original	AASB 9 recognition of additional loss allowance	AASB 9 New
Financial instrument category	AASB 9 new			
AASB 139 Original		\$	\$	\$
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

Financial instrument category				Carrying amount AASB 9 recognition of additional loss allowance		
AASB 139 Original	AASB 9 New			AASB 139 original \$	AASB 9 new \$	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
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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
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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

	Consolidated		
	31 Dec 2017		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
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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	<u>30,444,589</u>	<u>(651,844)</u>	<u>29,792,745</u>
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	<u>49,264,465</u>	<u>195,553</u>	<u>49,460,018</u>
Total assets	<u>79,709,054</u>	<u>(456,291)</u>	<u>79,252,763</u>
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	<u>14,599,041</u>	<u>-</u>	<u>14,599,041</u>
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	<u>8,637,263</u>	<u>-</u>	<u>8,637,263</u>
Total liabilities	<u>23,236,304</u>	<u>-</u>	<u>23,236,304</u>
Net assets	<u>56,472,750</u>	<u>(456,291)</u>	<u>56,016,459</u>
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	<u>17,092,599</u>	<u>(138,105)</u>	<u>16,954,494</u>
Non-controlling interest	39,380,151	(318,186)	39,061,965
Total equity	<u>56,472,750</u>	<u>(456,291)</u>	<u>56,016,459</u>

John Bridgeman Limited
Notes to the financial statements
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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	<u>33,912,486</u>	<u>(926,962)</u>	<u>32,985,524</u>
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	<u>61,176,886</u>	<u>(16,843)</u>	<u>61,160,043</u>
Total assets	<u>95,089,372</u>	<u>(943,805)</u>	<u>94,145,567</u>
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	<u>36,514,004</u>	<u>(285,475)</u>	<u>36,228,529</u>
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	<u>8,903,072</u>	<u>(209,289)</u>	<u>8,693,783</u>
Total liabilities	<u>45,417,076</u>	<u>(494,764)</u>	<u>44,922,312</u>
Net assets	<u>49,672,296</u>	<u>(449,041)</u>	<u>49,223,255</u>
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	<u>49,672,296</u>	<u>(449,041)</u>	<u>49,223,255</u>

John Bridgeman Limited
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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
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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	(22,515,280)	(27,140,623)	(49,655,902)
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	(181,052)	(9,162,437)	(9,343,489)
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	(206,934)	(176,186)	(383,120)
(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	(14,871,745)	(30,545,331)	(45,417,076)
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
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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><u>26,731,274</u></u>	 <u><u>25,431,829</u></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
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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
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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
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Note 12. Income tax (continued)

	Consolidated	
	31 Dec 2018	30 Jun 2018
	\$	\$
Provision for income tax		
Provision for income tax	587,613	80,851

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)	10,817,396	9,778,236
	<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	(298,211)	(432,296)
	<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)	-	(700,799)
	<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.

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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	57,673	138,191
	<u>1,083,863</u>	<u>1,322,069</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	336,453	-
	<u>3,570,191</u>	<u>3,581,897</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	(1,268,194)	(599,292)
	<u>3,556,523</u>	<u>3,380,873</u>
Plant and equipment - at cost	1,977,029	1,711,218
Less: Accumulated depreciation	(938,328)	(308,954)
	<u>1,038,701</u>	<u>1,402,264</u>
Motor vehicles - at cost	951,403	1,067,571
Less: Accumulated depreciation	(226,224)	(192,081)
	<u>725,179</u>	<u>875,490</u>
	<u>5,320,403</u>	<u>5,658,627</u>

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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	(712,772)	(97,894)	(73,165)	(883,831)
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.

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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)
	<u>2,000</u>	<u>2,000</u>
Software - at cost	3,796,408	3,598,461
Less: Accumulated amortisation	(450,268)	(314,359)
Less: Accumulated impairment	(713,768)	(642,186)
	<u>2,632,372</u>	<u>2,641,916</u>
Other intangible assets - at cost	266,878	266,878
Less: Accumulated amortisation	(211,071)	(137,804)
	<u>55,807</u>	<u>129,074</u>
	<u><u>42,798,044</u></u>	<u><u>42,880,855</u></u>

Reconciliations

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

	Goodwill	Licences	Software	Other intangible assets	Total
Consolidated	\$	\$	\$	\$	\$
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)
Balance at 31 December 2018	<u><u>40,107,865</u></u>	<u><u>2,000</u></u>	<u><u>2,632,372</u></u>	<u><u>55,807</u></u>	<u><u>42,798,044</u></u>

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
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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)	(2,204,327)	(2,124,346)
	<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	117,670	107,996
	<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	<u>24,367,704</u>	<u>26,766,945</u>	<u>20,875,481</u>	<u>25,567,380</u>

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 holding 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	<u>(9,330,209)</u>	<u>(8,379,208)</u>

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.

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Consolidated - 30 Jun 2018				
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	95,452	-	3,544,893	3,640,345
Liabilities				
Foreign currency notes (payable)	-	8,213,198	-	8,213,198
Convertible notes - liability component	-	3,300,774	-	3,300,774
Total liabilities	-	11,513,972	-	11,513,972

	Measured at fair value \$	Measured at amortised cost \$
Carrying amounts		
Consolidated - 30 June 2018		
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>

	Measured at fair value \$	Measured at amortised cost \$
Carrying amounts		
Consolidated - 30 June 2018		
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

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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

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