



John Bridgeman Limited

ACN 603 477 185

JOHN.BRIDGEMAN

31 May 2019

Dear John Bridgeman Limited shareholder

Update regarding Notice of Meeting for John Bridgeman Limited

Following the release of the Company's Second Supplementary Bidder's Statement today, 31 May 2019, John Bridgeman Limited (**John Bridgeman**) **attaches** the Notice of Meeting containing an updated explanatory memorandum to demonstrate the new metrics of the offer, arising as a result of the improved offer security holders of Benjamin Hornigold Ltd. The updated information is marked up in the attached document.

This document is being provided to JBL shareholders for reference ahead of the Company's meeting of members scheduled for 12 June 2019.

ENDS

Jody Wright
Company Secretary
John Bridgeman Limited



JOHN.BRIDGEMAN
LIMITED

JOHN BRIDGEMAN LIMITED

ACN 603 477 185

NOTICE OF EXTRAORDINARY GENERAL MEETING

John Bridgeman Limited ACN 603 477 185 hereby gives notice that an Extraordinary General Meeting of JBL Shareholders will be held on Wednesday, 12 June 2019 at 10:30am (Brisbane time) at Level 11, 66 Eagle Street, Brisbane, Queensland.



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Notice of Extraordinary General Meeting

John Bridgeman Limited ACN 603 477 185

Notice is given that an Extraordinary General Meeting of John Bridgeman Limited ACN 603 477 185 (**JBL**) will be held at:

Location	Level 11, 66 Eagle Street, Brisbane, Queensland
Date	Wednesday, 12 June 2019
Time	10:30 am (Brisbane time)

Special business

Approval of BHD Takeover Bid

To consider and, if in favour, to pass the following resolution as an ordinary resolution:

- 1 *'That, for the purposes of NSX Listing Rule 6.41 and for all other purposes, approval be given for a change to the nature and scale of activities of JBL arising as a result of the off-market takeover bids for all of the issued shares and options in Benjamin Hornigold Limited ACN 614 854 045 (**BHD**), on the terms and conditions set out in the Explanatory Memorandum.'*

Note: Further information in relation to this resolution appears in the Explanatory Memorandum.

Dated 13 May 2019

By order of the Board

Jody Wright

Company Secretary

Voting instructions

Record Date

JBL has determined under regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that for the purpose of voting at the Meeting (including any reinstatement of the Meeting in the event the Meeting is adjourned), securities are taken to be held by those persons recorded on JBL's register of shareholders as at 7:00pm (Sydney time) on 10 June 2019 (**Record Date**).

Persons who purchase JBL Shares after the Notice Date

Persons who become registered JBL Shareholders by acquiring JBL Shares between the Notice Date and the Record Date and who wish to vote at the Meeting by proxy should call Link Market Services on + 61 1300 554 474 (within Australia) and request an additional proxy form.

How to vote

JBL Shareholders can vote by either attending the Meeting and voting, or by appointing a proxy to attend the Meeting and vote on their behalf.

Appointment of proxies

A JBL Shareholder who is entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy. The proxy need not be a JBL Shareholder. A JBL Shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise.

If you wish to appoint a proxy and are entitled to do so, then complete and return the **attached** proxy form. Proxy forms (and the original or a certified copy of the power of attorney if the proxy form is signed by an attorney) must be received by JBL's share registry, Link Market Services, by no later than 10:30am (Brisbane time) on 10 June 2019.

If the proxy form specifies the way the proxy is to vote on a particular resolution the proxy need not vote on a show of hands but if the proxy does so, it must vote as specified in the proxy form. If the proxy has two or more appointments that specify different ways to vote on the resolution the proxy must not vote on a show of hands. If the proxy is the chair of the Meeting, the proxy must vote on a poll or must vote the way specified in the proxy form. If the proxy is not the chair of the Meeting the proxy need not vote on the poll, but if the proxy does so, the proxy must vote as specified in the proxy form.

If the proxy form specifies the way the proxy is to vote on a particular resolution and the proxy is not the chair of the Meeting and a poll is demanded and either:

- (a) the proxy is not recorded as attending; or
- (b) the proxy does not vote,

the chair of the Meeting is deemed the proxy for that resolution.

A corporation may elect to appoint a representative, rather than appoint a proxy, under the Corporations Act, in which case JBL will require written proof of the representative's appointment which must be lodged with, or presented to, JBL before the Meeting.



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If you have any queries on how to cast your votes, you can contact the Company Secretary, on +61 7 3505 5600 during business hours or by email at cosec@johnbridgeman.com.au.

Forward looking statements

This Notice of Meeting, including the Explanatory Memorandum, contains certain forward looking statements. Such forward looking statements are based on JBL's current expectations about future events. Any forward looking statements are subject to known and unknown risks, uncertainties and assumptions, some of which may be outside the control of JBL and the Directors, which may cause actual results, performance or achievements to differ from future results, performance or achievements expressed or implied by the use of forward looking statements.

Forward looking statements can be identified by use of words including, but not limited to, 'anticipates', 'intends', 'will', 'should', 'expects', 'plans', or other similar expressions.

Explanatory Memorandum

John Bridgeman Limited ACN 603 477 185

This Explanatory Memorandum accompanies the notice of Extraordinary General Meeting of JBL to be held at Level 11, 66 Eagle Street, Brisbane, Queensland, at 10:30am (Brisbane time) on Wednesday, 12 June 2019.

The Explanatory Memorandum has been prepared to assist JBL Shareholders in determining how to vote on the resolutions set out in the Notice of Meeting and is intended to be read in conjunction with the Notice of Meeting.

Background

Takeover Bids

- 1 As announced to the market via the NSX platform on 26 April 2019, JBL has offered to acquire all of the issued shares and all of the issued options in Benjamin Hornigold Limited ACN 614 854 045 (**BHD**) (**BHD Offers**), by way of off-market scrip takeover bids under Chapter 6 of the Corporations Act (each a **Takeover Bid**).
- 2 The consideration under the BHD Offers:
 - (a) is 1.5 JBL Shares per BHD Share; and/or
 - (b) is 0.5 JBL Options per BHD Option.
- 3 The implied value of the Offers will fluctuate with the JBL Share price. Accordingly, if the JBL Share price falls, the implied value of the Offer will also fall. Likewise, if the JBL Share price rises, the implied value of the Offer will rise. Some of the factors which the Board considers may be relevant in assessing the Offer are set out below.
- 4 On completion of the BHD Offer, assuming JBL acquires 100% of BHD, former shareholders of BHD will in aggregate hold approximately ~~40.39~~50.40% of JBL.
- 5 This Notice of Meeting sets out further information on JBL, BHD, JBL's intentions for BHD, risks for JBL Shareholders in approving the issue of securities under the Takeover Bids and other important disclosure, and is designed to assist JBL Shareholders in making a decision as to how to vote on resolution 1.

Indicative timetable

- 6 Subject to the requirements of the NSX Listing Rules and the Corporations Act, JBL anticipates that each Takeover Bid will take place in accordance with the following timetable:

Event	Date
Announcement of the Offer	26 April 2019
Bidder's Statement lodged with ASIC	3 May 2019
Offer opens	Anticipated 17 May 2019
Dispatch of Notice of Meeting	13 May 2019
Extraordinary General Meeting held to approve issue of JBL Shares	12 June 2019
Offer closes	Anticipated 21 June 2019 ¹
JBL Shares issued	No later than 21 days after the Offer closes (assuming all conditions of the Offer are satisfied or waived).

7 The dates set out in the above timetable are indicative only and are subject to change.

Rationale for each Takeover Bid

8 JBL believes completion of the Takeover Bid will provide benefits to all current and future JBL shareholders because the businesses operated by BHD are complementary to, and provide an alternative revenue stream to, income generated through businesses in which JBL has an interest.

9 JBL also currently acts as the investment manager for BHD under an investment management services agreement.

Details of BHD Offers

10 JBL Shareholders are advised of the following particulars in relation to the BHD Offers:

Person to whom JBL Shares are to be issued	BHD Shareholders who are entitled to be issued 1.5 JBL Share under the BHD Share Offer – this includes those BHD Shares, if any, which are compulsorily acquired under the BHD Share Offer.
Person to whom JBL Options are to be issued	BHD Optionholders who are entitled to be issued 0.5 JBL Options under the BHD Option Offer - this includes those BHD Options, if any, which are compulsorily acquired under the BHD Option Offer.
Date of issue	JBL will issue the JBL Shares and the JBL Options under the BHD Offers (as applicable): (a) no earlier than the date on which the applicable Offer become unconditional; and (b) no later than the date within one month of the later of:

¹ Subject to any extension of the Offer period by JBL.

	<p>(i) the date a BHD Shareholder accepts the BHD Share Offer or the date a BHD Optionholder accepts the BHD Option Offer (as applicable); and</p> <p>(ii) the date the applicable Offer becomes unconditional, and in any event within 21 days after the applicable Offer closes (assuming all conditions of the applicable Offer are satisfied or waived).</p>
Maximum number of JBL Shares	<p>24,109,882<u>36,164,823</u> (excluding rounding adjustments) JBL Shares² are required to be issued under the BHD Share Offer if acceptances are received for all the BHD Shares on issue at the date of the Notice of Meeting.</p> <p>Up to a further 40,784,738<u>25,012,284</u> JBL Shares may be required to be issued if all BHD Optionholders exercise their BHD Options and elect to participate in the BHD Share Offer, <u>resulting in a maximum total JBL shares to be issued of 61,177,107.</u></p>
Terms of JBL Shares issued	Fully paid ordinary shares ranking equally with JBL Shares on issue.
Maximum number of JBL Options	<p>The maximum number of JBL Options which are required to be issued under the Option Offer if acceptances are received for all the BHD Options on issue at the date of this Bidder's Statement is approximately 7,414,090 (excluding rounding adjustments).</p> <p>The maximum number of JBL Options is determined on the basis that no BHD Optionholder converts their BHD Options into BHD Shares before the end of the Offer Period</p>
Terms of JBL Options issued	JBL Options will be issued upon the same terms as and rank equally with the 'JBLOA' quoted options.

NSX

11 NSX takes no responsibility for the content of this Notice of Meeting.

No other material information

12 The Directors are not aware of any other information not previously disclosed to JBL Shareholders which is material to the making of a decision by a JBL Shareholder as to whether or not to approve the resolutions, other than as disclosed in this Explanatory Memorandum.

² Assuming JBL acquires all the ordinary shares in BHD under the BHD Share Offer.

About JBL

Overview

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

Publicly available information

- 14 JBL is a company listed on NSX (NSX: JBL) and is subject to the continuous and periodic disclosure requirements of the NSX Listing Rules and the Corporations Act. A substantial amount of information on JBL is publicly available and may be accessed on www.nsx.com.au. This information and other announcements made available by JBL to NSX may be relevant to your assessment of how to vote on the resolutions at the Meeting.

About BHD

Disclaimer

- 15 To the extent that it does not have knowledge or access to the following information about BHD in its capacity as investment manager of BHD, JBL does not, subject to the Corporations Act, make any representation or warranty, express or implied, as to the accuracy or completeness of this information.
- 16 The information on BHD in this Notice of Meeting should not be considered comprehensive.

Overview

- 17 BHD is an ASX listed investment company. BHD seeks to increase the value of its portfolio by allocating capital to investments in which its investment manager has the highest conviction. It also aims to provide investors with exposure to global markets as well as domestic investment opportunities in the listed and unlisted sectors, investing in various financial products, including listed and unlisted equities, cash and cash-like investments, derivatives, currencies and structured products.
- 18 BHD's current investment portfolio includes investments in global FX notes and a global macro portfolio with an approximate average monthly turnover of \$2.74 billion nominal value in futures contracts. The futures component of BHD's investment portfolio changes on a daily basis and often intraday. By way of example, position trends such as the GBP/USD, China A-50 shares, USD/AUD, NASDAQ, Eurostoxx, US 10yr Bonds, Bunds and Emerging Market Currencies are some of the positions that are regularly traded.
- 19 For the financial year to date, BHD has had average daily holdings of \$18.997 million nominal value in futures contracts across the equities, currencies, bonds and commodities sectors.

Directors

- 20 The directors of BHD, and their profiles, are set out in Annexure A.

Financial profile of BHD

- 21 The financial position for BHD for the year ended 30 June 2018 as contained in BHD's Annual Report for the year ended 30 June 2018, was lodged with ASX on 1 October 2018 and can be accessed at <https://www.benjaminhornigold.com.au/investor-centre/announcements.html>.
- 22 BHD's financial position as at 30 June 2018 can be summarised as follows:
- (a) Total assets of \$18,268,540.
 - (b) Net assets of \$17,865,549.
 - (c) Cash and cash equivalents net of debt of \$1,121,247.
- 23 For the year ended 30 June 2018, the following results were recorded:
- (a) Revenues of \$638,516.
 - (b) Net loss of \$2,993,948.
- 24 The financial position for BHD for the half-year ended 31 December 2018, as contained in BHD's financial reports for the period ended 31 December 2018, was lodged with ASX on 28 February 2019.
- 25 BHD's financial position as at 31 December 2018 can be summarised as follows:
- (a) Total assets of \$16,225,055.
 - (b) Net assets of \$15,963,081.
 - (c) Cash and cash equivalents net of debt of \$2,833,570.
- 26 For the half-year ended 31 December 2018, the following results were recorded:
- (a) Revenues of -\$508,596.
 - (b) Net loss of \$1,902,469.

Publicly available information

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

Further information

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

Recent share price performance

- 29 BHD Shares are quoted on ASX under the code BHD.

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

Profile of the Merged Group

Introduction

- 31 The profile of the Merged Group will vary depending on the outcome of the Offers.
- 32 Unless otherwise indicated, the description of the Merged Group that follows assumes that BHD is a wholly-owned subsidiary of JBL. If JBL is not entitled to compulsorily acquire BHD Shares and BHD Options during the Offer Period, some of the benefits that would otherwise accrue to JBL if BHD was to become a wholly-owned subsidiary of JBL may not be fully realised.

Overview of the Merged Group

- 33 The Merged Group would be publicly listed on the NSX. JBL notes that, as at the date of this Notice of Meeting, trading in JBL is suspended. While JBL is liaising with the NSX to resolve NSX's queries and have the suspension lifted, JBL notes that ultimately reinstatement to trading is at the discretion of NSX.
- 34 Following the acquisition of some or all of the BHD Shares and BHD Options, JBL intends to continue to act as investment manager for those companies and other funds which it manages.
- 35 BHD's investments are intended to continue to be managed by JBL under the current management services agreement.
- 36 Depending on the outcome of the Takeover Bids and the level of ownership which JBL attains in BHD, JBL may be required to update the market as to the performance of any funds which it may manage. JBL will continue to provide information and reports as required by the Corporations Act, NSX Listing Rules or ASX Listing Rules (as may be relevant) in relation to the applicable company.
- 37 Where JBL obtains less than 50.1% of BHD, JBL's interest in BHD may be classified as an equity investment of JBL, rather than BHD being an entity which JBL controls and which is consolidated into JBL's consolidated group for accounting purposes. In those circumstances, and given that trading in BHD has been suspended since 10 July 2018, it may be difficult for JBL to realise its investment in BHD (should it be required or wish to do so).
- 38 JBL also recently made offers by way of an off-market takeover bid for all of the issued shares in Henry Morgan Limited ACN 602 041 770 (**HML**), an ASX-listed investment company. Following the close of the offer, JBL obtained a relevant interest in 46.28% of HML. On that basis, JBL anticipates that HML's accounts will be consolidated into JBL's consolidated group accounts going forward.³ Detailed information about HML can be found on the ASX platform under the code 'HML'.

Pro forma balance sheets

- 39 Annexure B contains the Pro Forma Balance Sheets for JBL, on a consolidated group basis:

³ Ultimately, this position will be finalised (in consultation with JBL's auditors) in the process of preparing and auditing JBL's full year accounts for the financial year ending 30 June 2019.

- (a) assuming JBL acquires 100% of BHD; and
- (b) assuming JBL acquires 50.1% of BHD.

40 Annexure C contains the assumptions made in producing each Pro Forma Balance Sheet.

No forward looking financial statements

41 This document does not provide revenue or profit projections for the Merged Group. JBL does not believe that it has reasonable grounds to include revenue or profit forecasts in this Notice. JBL believes that the inclusion of revenue or profit forecasts would be unduly speculative and potentially misleading.

Impact of the Takeover Bids on JBL's capital structure

42 Set out below is a table showing the number of JBL Shares that may be issued to BHD Shareholders under the Takeover Bids and the dilutive effect on existing JBL Shareholders:

Number of existing JBL Shares on issue⁴	35,583,338 JBL Shares
Number of existing JBL Options on issue⁴	24,186,520 JBL Options
Maximum number of JBL Shares to be issued under the BHD Share Offer	<p>24,109,882 <u>36,164,823</u> assuming no BHD Optionholder converts their BHD Options into BHD Shares before the end of the Offer Period.</p> <p>Up to a further 40,784,738<u>25,012,284</u> JBL Shares may be issued, if all BHD Optionholders elect to exercise their BHD Options and are issued with BHD Shares and subsequently accept the BHD Share Offer</p>
Maximum number of JBL Options to be issued under the BHD Option Offer	<p>7,414,090</p> <p>assuming no BHD Optionholder converts their BHD Options into BHD Shares before the end of the Offer Period</p>
Number of JBL Shares on issue following completion of the Takeover Bids (i.e. shares on issue in the Merged Group)	<p>59,693,220<u>71,748,161</u></p> <p>assuming no BHD Optionholder converts their BHD Options into BHD Shares before the end of the Offer Period</p>

⁴ As at the date of this Notice of Meeting.

Number of JBL Options on issue following completion of the Takeover Bids	31,600,610 assuming no BHD Optionholder converts their BHD Options into BHD Shares before the end of the Offer Period
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- 43 Based on substantial holder and directors' interest disclosure available to JBL at the date of this Notice of Meeting, the following persons will become (or continue to be) substantial holders of the Merged Group in each of the following scenarios, and assuming that each substantial holder accepts 100% of their entitlements under the Share Offer and are issued JBL Shares as consideration:

JBL substantial holders – JBL acquires 50.1% of BHD

<u>Substantial holder</u>	<u>Interest</u>	<u>Substantial holding</u>
<u>Stuart McAuliffe*</u>	<u>11.07%</u>	<u>5,945,492</u>
<u>John McAuliffe**</u>	<u>4.85%</u>	<u>2,606,000</u>
<u>Stuart Capital Pty Ltd</u>	<u>14.32%</u>	<u>7,687,819</u>

*The following substantial holders are duplicates, being the relevant interests of entities controlled by Stuart McAuliffe. These 5,945,492 shares are included in Stuart McAuliffe's substantial holding disclosure.

<u>Substantial holder</u>	<u>Interest</u>	<u>Substantial holding</u>
<u>Henry Avery Partners Pty Ltd</u>	<u>11.07%</u>	<u>5,945,492</u>
<u>John Hawkins Pty Ltd</u>	<u>11.07%</u>	<u>5,945,492</u>

**The following substantial holder is a duplicate, being the relevant interests of an entity controlled by John McAuliffe. These 2,606,000 shares are included in John McAuliffe's substantial holding disclosure.

<u>Substantial holder</u>	<u>Interest</u>	<u>Substantial holding</u>
<u>Tetue Pty Ltd</u>	<u>4.85%</u>	<u>2,606,000</u>

<u>Substantial holder</u>	<u>Interest</u>	<u>Substantial holding</u>
<u>Stuart McAuliffe*</u>	<u>12.47%11.07%</u>	<u>5,945,4925,944,992</u>
<u>John McAuliffe**</u>	<u>4.85%5.47%</u>	<u>2,606,000</u>
<u>Stuart Capital Pty Ltd</u>	<u>14.32%16.12%</u>	<u>7,687,8197,685,551</u>

*The following substantial holders are duplicates, being the relevant interests of entities controlled by Stuart McAuliffe. These 5,944,992~~5,945,492~~ shares are included in Stuart McAuliffe's substantial holding disclosure.

<u>Substantial holder</u>	<u>Interest</u>	<u>Substantial holding</u>
<u>Henry Avery Partners Pty Ltd</u>	<u>11.07%12.47%</u>	<u>5,945,4925,944,992</u>
<u>John Hawkins Pty Ltd</u>	<u>11.07%12.47%</u>	<u>5,945,4925,944,992</u>

~~**The following substantial holder is a duplicate, being the relevant interests of an entity controlled by John McAuliffe. These 2,606,000 shares are included in John McAuliffe's substantial holding disclosure.~~

Substantial holder	Interest	Substantial holding
Tetue Pty Ltd	[#insert]%5.47%	[#insert]2,606,000

JBL substantial holders – JBL acquires 100% of BHD

Substantial holder	Interest	Substantial holding
Stuart McAuliffe*	[#insert]%9.95%	5,944,992[#insert]
John McAuliffe**	[#insert]%4.36%	[#insert]2,606,000
Stuart Capital Pty Ltd	[#insert]%12.87%	[#insert]7,685,551

~~*The following substantial holders are duplicates, being the relevant interests of entities controlled by Stuart McAuliffe. These [#insert]5,944,992 shares are included in Stuart McAuliffe's substantial holding disclosure.—~~

Substantial holder	Interest	Substantial holding
Henry Avery Partners Pty Ltd	[#insert]%9.95%	[#insert]5,944,992
John Hawkins Pty Ltd	[#insert]%9.95%	[#insert]5,944,992

~~**The following substantial holder is a duplicate, being the relevant interests of an entity controlled by John McAuliffe. These [#insert]2,606,000 shares are included in John McAuliffe's substantial holding disclosure.~~

Substantial holder	Interest	Substantial holding
Tetue Pty Ltd	[#insert]%4.36%	[#insert]2,606,000

Substantial holder	Interest	Substantial holding
Stuart McAuliffe*	8.29%	5,945,492
John McAuliffe**	3.63%	2,606,000
Stuart Capital Pty Ltd	10.72%	7,687,819

~~*The following substantial holders are duplicates, being the relevant interests of entities controlled by Stuart McAuliffe. These 5,945,492 shares are included in Stuart McAuliffe's substantial holding disclosure. —~~

Substantial holder	Interest	Substantial holding
Henry Avery Partners Pty Ltd	8.29%	5,945,492
John Hawkins Pty Ltd	8.29%	5,945,492

**The following substantial holder is a duplicate, being the relevant interests of an entity controlled by John McAuliffe. These 2,606,000 shares are included in John McAuliffe's substantial holding disclosure.

<u>Substantial holder</u>	<u>Interest</u>	<u>Substantial holding</u>
<u>Tetue Pty Ltd</u>	<u>3.63%</u>	<u>2,606,000</u>

JBL's intentions for BHD

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

Compulsory acquisition

- 44 If it becomes entitled to do so in respect of the BHD Option Offer, JBL intends to compulsorily acquire any outstanding BHD Options under section 661B Corporations Act.
- 45 If it becomes entitled to do so in respect of the BHD Share Offer, JBL intends to compulsorily acquire any outstanding BHD Shares under section 661B Corporations Act. In those circumstances, JBL is also entitled to acquire BHD Shares issued after the BHD Share Offer closes but before the compulsory acquisition notice is given (under section 661A(4)(b) Corporations Act) and on exercise of the BHD Options, up to six weeks after the notices are given (under section 661A(4)(c) Corporations Act).
- 46 JBL also has the right, under part 6A.2 Corporations Act, to seek to compulsorily acquire any of the BHD Options which it has not acquired or have not been exercised if JBL:
- (a) achieves 90 percent voting power in BHD; and
 - (b) holds full beneficial interests in at least 90 percent by value of all securities of BHD that are either BHD Shares or convertible into BHD Shares.
- 47 If there are any BHD Options outstanding, JBL intends to compulsorily acquire those BHD Options to the extent that it is able to do so.

Amend BHD constitution

- 48 Once JBL acquires 100% of the BHD Shares and BHD Options, JBL intends to amend the constitution of BHD to reflect its status as a wholly-owned subsidiary of JBL and will seek to convert BHD from a public company to a proprietary company.

ASX listing

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

Directors

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

- 51 Those nominees have not yet been identified by JBL. Profiles for each of the Directors of JBL may be accessed at <https://johnbridgeman.com.au/about-us.html>.

Operations

- 52 Based on information available to JBL, BHD has no fixed assets. In terms of BHD's operations, JBL intends to:
- (a) evaluate the performance, prospects and strategic relevance of BHD investments to JBL;
 - (b) consider whether to realise any of BHD's investments and make a return of capital;
 - (c) explore other investment strategies for BHD; and
 - (d) make appropriate provisions for any of BHD's ongoing liabilities.

Employees

- 53 Based upon information available to JBL, BHD has no employees. The directors of BHD are responsible for the management of BHD.

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

Compulsory acquisition

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

ASX listing

- 55 ASX guidance indicates that ASX would likely approve an application for BHD to be removed from the official list of ASX without the need for shareholder approval if an application is made within a month of the end of the Offer Period if:
- (a) at the end of the BHD Share Offer, JBL owns or controls at least 75% of the BHD Shares and the BHD Share Offer remained open for at least two weeks after JBL attained ownership or control of at least 75% of the BHD Shares; and
 - (b) the number of BHD Shareholders (other than JBL) having holdings with a value of at least \$500 is fewer than 150.
- 56 In addition, ASX guidance indicates that ASX would likely approve an application for BHD to be removed from the official list of ASX with shareholder approval, and where such removal is sought later than 12 months after the close of the BHD Share Offer, JBL would be entitled to vote on the resolution approving the removal. JBL intends to apply to ASX for BHD to be removed from the official list of the ASX if it is able to make such an application to the ASX and it is approved.

Directors

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

Intentions generally

- 58 If, following the close of the Offers, BHD becomes a controlled entity but not a wholly owned subsidiary of JBL, it is the present intention of JBL to procure that the new BHD Board implements the objectives and goals outlined in paragraph 54 to paragraph 57 to the extent possible and appropriate.

Limitations on intentions

- 59 To the extent that BHD is not a wholly owned subsidiary of JBL and there are minority shareholders of BHD, JBL intends to ensure that the JBL nominees appointed to the board of BHD will act at all times in accordance with their fiduciary duties and that all requisite shareholder approvals and other legal requirements are complied with in pursuing any of the intentions outlined above.
- 60 The requirement to have regard to those fiduciary duties in the context of a partly owned company and the possible requirements of minority shareholder approval may prevent the particular objective being achieved.

Intentions upon acquisition of less than 50 percent⁵ of BHD Shares and/or BHD Options

- 61 JBL will endeavour to implement its intentions as it has outlined in paragraph 54 to paragraph 57 to the extent to which it is able to do so, subject to the limitations identified in paragraph 59 to paragraph 60.

Intentions generally

- 62 Except for the changes and intentions set out in this section, JBL intends, based on the information presently known to it:
- (a) to continue the business of BHD;
 - (b) not to make any major changes to the business of BHD or the deployment of BHD assets; and
 - (c) to continue the engagement of the majority of the BHD executive team.

Transaction Risks

- 63 The Takeover Bids are subject to a number of risks, which are set out below.

Conditions to the Offers	The Share Offer is subject to a Defeating Condition. If shareholder approval is not obtained, the Share Offer will not proceed. The Option
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	Offer is subject to the Share Offer becoming unconditional. If the applicable condition remains unsatisfied at the end of the Offer Period and is not waived by JBL, the applicable Offer will not proceed.
Trading in BHD	As at the date of this Notice of Meeting, BHD Shares remain suspended from trading on the ASX. Following the conclusion of the Offers (and depending on the outcome of those Offers), JBL may be unable to expediently dispose of any interest it holds in BHD.
Issue of JBL Shares and JBL Options as consideration	<p>The Offers comprise a specified number of JBL Shares and JBL Options (as applicable) in consideration for each BHD Share and BHD Option (as applicable), rather than a specified value of JBL Shares and JBL Options (as applicable). Accordingly, the value of the consideration may fluctuate depending on the value of JBL Shares from time to time.</p> <p>Trading in JBL Securities was suspended on 10 April 2019. As at the date of this Notice, this suspension has not been lifted. Further, if reinstated and current JBL Shareholders, or current BHD Shareholders who accept the Share Offer, seek to sell JBL Shares on market, there may be an adverse impact on the market price of JBL Shares, depending on the price at which those JBL Shares are sold.</p> <p>This means that the market value of JBL Shares at the time they are issued to BHD Shareholders who accept the Share Offer may vary significantly from their market value on the date of acceptance of the Share Offer. This could result in the value of the consideration to BHD Shareholders increasing, as well as decreasing.</p> <p>There is also a risk that BHD Shareholders and BHD Optionholders who accept the Share Offer and/or the Option Offer may receive materially less value where JBL obtains less than 50.1% ownership in BHD. In those circumstances, BHD may not be considered to be an entity which JBL controls for accounting purposes and may not be consolidated within JBL's accounts.</p> <p>In contrast, if JBL obtained voting power of more than 50% in BHD, BHD would be consolidated into JBL's accounts, and therefore increase the value of JBL's balance sheet.</p>
Less than 100 percent ownership	It is possible that JBL may not acquire all BHD Shares and/or all the BHD Options. The impact upon JBL of acquiring less than 100 percent will depend upon the final level of ownership acquired. However, the existence of minority shareholders in BHD could have an impact on JBL's intentions regarding BHD.
Reporting risks	JBL has assumed that BHD has met all of their reporting obligations and that disclosures made by it are true in all material respects and are not misleading in any material respects.
Dilution risks	As the BHD Share Offer consideration consists of JBL Shares and the BHD Option Offer consideration consists of JBL Options, the interests of existing JBL Shareholders (which may include BHD Shareholders following completion of the BHD Share Offer) will be diluted to some degree.

Specific business risks associated with BHD

64 BHD is subject to a number of risks, set out below.

Listed investment company risks	<p>The share price of a listed investment company may trade at a premium or discount to net tangible asset backing per share. The operations and financial performance of listed investment companies are driven by a number of factors, including:</p> <ul style="list-style-type: none"> (a) domestic and international financial markets; (b) domestic and international economic and political events; (c) the applicable regulatory environment in Australia and internationally.
Liquidity risk	<p>There is a risk that BHD's portfolio underlying investments may not be easily sold when the investment manager decides it is an appropriate time for them to be sold. A lack of liquidity could result in a loss if the delay in the sale of the investment results in the decline in value of the investment. This will be especially relevant to any investments in products which are not exchange traded such as unlisted equities.</p> <p>As at the date of this Notice, trading in BHD is also suspended from ASX (and has been suspended since 30 July 2018). Accordingly, there is the risk that, were JBL to attempt to sell any of its interest in BHD (following conclusion of the Offers), it may not be able to do so expediently.</p> <p>Further, trading in JBL Securities was suspended on 10 April 2019. As at the date of this Notice, this suspension has not been lifted. JBL is engaging with NSX, and continuing to respond to any queries raised by NSX to seek the reinstatement of its securities to NSX as soon as possible. It is noted, however, that this is ultimately subject to the discretion of NSX.</p>
Market risk	<p>Investment returns are influenced by general market factors internationally and by factors specific to each security. In particular, the market prices of the shares in many listed entities have in recent times experienced wide fluctuations which in many cases reflect a diverse range of non-entity specific influences including:</p> <ul style="list-style-type: none"> (a) general economic conditions, including changes in inflation rates, short-term or long term interest rates, exchange rates and commodity prices; (b) variations in the local and global markets for listed securities; (c) domestic and international economic conditions; (d) changes in investor confidence generally and in relation to specific sectors of the market; (e) natural disasters, global hostilities and acts of terrorism; (f) changes to government policy, legislation or regulation including in relation to taxation and other policy changes; and (g) the inclusion or removal of stocks from major market indices.

Currency risk	<p>For investments in global assets which have currency exposure, there is potential for adverse movements in exchange rates to reduce their Australian dollar value and, therefore, the value of HML's or BHD's portfolio.</p> <p>Foreign exchange fluctuations may have a positive or adverse impact on the investment returns of BHD (or HML, which is consolidated for accounting purposes with JBL's consolidated group). BHD's (and HML's) foreign currency exposure may be over or under hedged or not hedged at all. It may not always be possible to hedge all foreign currency exposures and there is no guarantee that hedging will be successful. BHD (and HML) may also hedge the exposure of the other investments in BHD (and HML) against investment loss, but is under no obligation to do so. There is no guarantee that any hedging will be successful. The cost of implementing hedging may be significant.</p>
Derivatives risk	<p>There is a risk that the use of derivatives can have a negative impact on BHD's portfolio due to an adverse movement in the underlying asset or where the position is difficult or costly to reverse or maintain. Derivative instruments include futures, futures options, over-the-counter products, exchange-traded options, swaps and forward contracts.</p> <p>The value of all derivatives is 'derived' from underlying assets, such as company shares, commodities and bonds. Derivatives such as futures and options may be used by BHD (and HML):</p> <ul style="list-style-type: none"> (a) to offset the risk of price variations of securities; (b) as an alternative to purchasing the underlying security; (c) to seek to take advantage of any opportunities for profit which may exist in the market from time to time; and (d) in the management of currency and interest rate risk. <p>In all cases, there will be cash and/or underlying assets available to meet the exposure positions of the derivative instruments.</p> <p>Risks associated with using derivatives include the value of the derivative failing to move in line with the underlying asset, potential illiquidity of the derivative, BHD not being able to meet payment obligations as they arise, regulatory risk and counterparty risk (this is where the counterparty to the derivative contract cannot meet its obligations under the contract). BHD employs derivatives for investment, hedging, leverage and investment implementation and exit purposes.</p> <p>General risks such as liquidity and counterparty or market risks can be magnified by the use of derivatives because of the leverage effect they exert on BHD. BHD manages this risk by maintaining adequate cash and physical asset cover for derivative positions and also by regularly monitoring derivative positions and only entering into transactions with reputable counterparties via recognised exchanges where possible. If BHD enters into any derivative transaction with any other counterparty, it will seek to ensure the counterparty is creditworthy and viable.</p>

Risk associated with the Merged Group

65 If the Offers are successful, the Merged Group may be subject to the risks set out below.

Implementation risks	<p>There is a risk that less than 50.1 percent of BHD Shareholders will accept the BHD Share Offer. In such circumstances, BHD may be considered to be an equity investment of JBL and may not be consolidated for accounting purposes within JBL's consolidated group.</p> <p>There is also a risk that less than 90 percent of BHD Shareholders will accept the BHD Share Offer. If this occurs, JBL will not be able to proceed to compulsory acquisition of 100 percent of BHD.</p> <p>Depending on the ultimate shareholding of BHD, this could result in a situation where BHD remains listed on ASX, but JBL holds a substantial holding in BHD.</p>
Suspension risks	<p>Trading in JBL securities was suspended on 10 April 2019. As at the date of this Notice, this suspension has not been lifted. If reinstated and current JBL Shareholders, or current BHD Shareholders who accept the BHD Share Offer, seek to sell JBL Shares on market, there may be an adverse impact on the market price of JBL Shares, depending on the price at which those JBL Shares are sold.</p>
Liquidity risk	<p>Investments (which may, depending on the outcome of the BHD Share Offer, include JBL's investment in BHD or otherwise include the investments of BHD) may be difficult or impossible to sell, either due to factors specific to that investment, or to prevailing market conditions. Liquidity risk may mean that an asset is unable to be sold or JBL's exposure is unable to be rebalanced within a timely period and at a fair price.</p> <p>In addition, rapid liquidation of positions during adverse market conditions (for example, a market crash) is likely to lead to greater losses than would be the case under 'normal' market conditions.</p>
Funding risk	<p>JBL may need additional funding to undertake its activities in the future. There can be no guarantee that JBL is able to source funding on commercially-acceptable terms.</p>

Special business

Resolution 1: Approval of the BHD Takeover Bid

Why is JBL Shareholder approval required?

- 66 Resolution 1 seeks approval from JBL Shareholders under NSX Listing Rule 6.41 (and for all other purposes) in relation to a change to the nature and scale of activities of JBL arising as a result of the acquisition of all of the BHD Shares and/or BHD Options.
- 67 If JBL Shareholder approval is not obtained, a Defeating Condition of the BHD Share Offer will become incapable of being satisfied and the bid will lapse.

NSX Listing Rule 6.41

- 68 NSX Listing Rule 6.41 provides that an issuer shall provide full details to NSX as soon as practicable of any proposed significant change to the nature or scale of its activities. If required by NSX, the issuer must do any of the following:
- (a) provide additional information to NSX;
 - (b) obtain the approval of the issuer's members for the change; and
 - (c) re-comply with the requirements for admission.
- 69 NSX considers that Listing Rule 6.41 applies in the circumstances and requires JBL to obtain the approval of JBL Shareholders in relation to the change.
- 70 The JBL Shares to be issued under the BHD Share Offer are an exception to the restriction on JBL's ability to issue more than 15% of its issued capital under NSX Listing Rule 6.25(2)(vi).
- 71 Other than the approval of JBL Shareholders contemplated by this Notice of Meeting, JBL is not aware of any other regulatory approvals or waivers required, in order to satisfy the applicable Defeating Condition under the BHD Offers.

Approval requirements

- 72 Resolution 1 must be approved by at least 50% of the votes validly cast at the meeting.

Directors' recommendation

- 73 The Directors abstain, in the interests of good governance, from making a recommendation.

Glossary

Capitalised terms in this Notice of Meeting and Explanatory Memorandum have the meaning set out below:

Term	Definition
ASIC	means the Australian Securities and Investments Commission.
ASX	means ASX Limited ACN 008 624 691 or the securities exchange operated by it (as the case requires).
ASX Listing Rules	means the Listing Rules of ASX and any other rules of ASX which are applicable, each as amended or replaced from time to time, except to the extent of any express written waiver by ASX.
BHD	means Benjamin Hornigold Limited ACN 614 854 045.
BHD Bidder's Statement	means the bidder's statement dated 3 May 2019, being the statement of JBL under part 6.5 division 2 Corporations Act relating to the BHD Offers.
BHD Board	means the board of directors of BHD.
BHD Offers	means the: (a) BHD Share Offer; and (b) BHD Option Offer.
BHD Optionholder	means a registered holder of BHD Options.
BHD Option Offer	means JBL's offer to acquire all BHD Options.
BHD Options	means options over unissued BHD Shares.
BHD Securityholder	means: (a) a BHD Shareholder; or (b) a BHD Optionholder, or both of them, as the context requires.
BHD Shareholder	means a registered holder of BHD Shares.
BHD Shares	means fully paid ordinary shares in the capital of BHD.
BHD Share Offer	means JBL's offer to acquire all BHD Shares.
Bidder's Statement	means the BHD Bidder's Statement
Corporations Act	means <i>Corporations Act 2001</i> (Cth).
Defeating Condition	means each of the conditions of the applicable Offer set out in the Bidder's Statement.
Directors	means the directors of JBL.
HML	means Henry Morgan Limited ACN 602 041 770.

Term	Definition
JBL	means John Bridgeman Limited ACN 603 477 185.
JBL Group	means JBL and each of its Subsidiaries.
JBL Optionholder	means a registered holder of JBL Options.
JBL Options	means options over unissued JBL Shares.
JBL Share	means a fully paid ordinary share in the capital of JBL.
JBL Shareholder	means a registered holder of JBL Shares.
Merged Group	means JBL and each of its Subsidiaries (including BHD and HML) which will exist as a result of the takeover bid as constituted by the Offers, should the Takeovers proceed to conclusion.
NSX	means the National Stock Exchange of Australia ABN 11 000 902 063.
NSX Listing Rules	means the Listing Rules of NSX and any other rules of NSX which are applicable, each as amended or replaced from time to time, except to the extent of any express written waiver by NSX.
Offers	means the BHD Offers.
Offer Period	means the period anticipated to commence on 17 May 2019 and anticipated to end at 7.00pm (Sydney time) on 17-21 June 2019, or any later date to which the Offer is extended.
Pro Forma Balance Sheets	means the pro forma combined balance sheets of the Merged Group contained in this Notice of Meeting.
Subsidiaries	has the meaning given to that term by section 9 Corporations Act.

Annexure A

Directors and Key Management Personnel - BHD

Mr Stuart McAuliffe – Managing Director and Executive Chairman

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

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

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

Mr Peter Aardoom – Non-Executive Director

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

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

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

Mr Bryan Cook – Non-Executive Director

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

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

Ms Jody Wright – Company Secretary

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

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

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

Annexure B

Pro Forma Balance Sheets

- 1 The information included below is pro forma financial information for the Merged Group comprising JBL and BHD as at 31 December 2018 and assuming two scenarios, being:
 - (a) first, that JBL acquires 100 percent of BHD; and
 - (b) second, that JBL acquires 50.1 percent of BHD.
- 2 The unaudited pro forma combined balance sheets of the Merged Group as at 31 December 2018 (each a **Pro Forma Balance Sheet**) presented below have been produced with reference to the auditor-reviewed financial reports for JBL, [HML](#) and BHD as at 31 December 2018, adjusted to account for subsequent events deemed material to the Merged Group. ~~Because these Pro Forma Balance Sheets have been prepared with reference to the auditor-reviewed financial reports as at 31 December 2018, they do not include the accounts of HML. HML's accounts are anticipated to be consolidated into JBL's consolidated group accounts by the end of the financial year ending 30 June 2019.~~
- 3 The financial information reflects the latest publicly available information for BHD and HML that is capable of being compared.
- 4 The pro forma financial information does not represent what the Merged Group would look like on a consolidated basis.
- 5 No adjustments for potential synergy benefits have been included as the exact timing and amount of those benefits cannot be reliably estimated. However, the Pro Forma Balance Sheets do reflect the issue of new JBL Shares to BHD Shareholders and new JBL Options to BHD Optionholders, and other adjustments required as a result of this Share Offer and this Option Offer.
- 6 The Pro Forma Balance Sheets are for illustrative purposes only and are based on numerous assumptions that may or may not reflect the actual financial position of the Merged Group after completion of the Offers. In addition, the Pro Forma Balance Sheets are presented in a summary format and do not contain all the disclosures required under the Corporations Act.
- 7 Financial information relating to BHD has been sourced from BHD's auditor-reviewed financial reports for the half-year ended 31 December 2018.
- 8 To the extent that it does not have knowledge or access to this information in its capacity as investment manager of BHD, JBL does not, except as required by law, make any representation or warranty, express or implied, as to the accuracy or completeness of this information.
- 9 The pro forma financial information presented in this section should also be read in conjunction with the risks set out in this Notice and the accounting policies of JBL and BHD as disclosed in their most recent financial reports.

Pro Forma Balance Sheet (including HML) assuming JBL acquires 50.1% of BHD

							Consolidation eliminations									
	John Bridgeman Limited (JBL)	Henry Morgan Limited (HML)	Benjamin Hornigold Limited (BHD)		JBL Capital issued on purchase of HML	JBL Capital issued on purchase of BHD										John Bridgeman Limited (JBL)
	Pre-acquisition consolidated BS						JBL investment in HML & BHD	HML investment in JBL	BHD investment in JBL	HML investment in BHD	HML investment in JB Financial Group	HML to JBL loan	Intercompany transactions	Foreign currency bank notes	Mgmt fee and broker fee payable	Post-acquisition consolidated BS
	31 Dec 2018															31 Dec 2018
Assets																
Current assets																
Cash and cash equivalents	19,359,871	1,415,763	2,833,570													23,609,204
Trade and other receivables	2,850,298	-	-										(147,956)		(149,154)	2,553,188
Balances held with brokers	2,464,596	6,932	107,955													2,579,483
Inventory	45,999	-	-													45,999
Derivative financial assets	42,520	-	32,386													74,906
Term deposits	732,833	-	-													732,833
Purchased debt ledgers	147,026	-	-													147,026
Other current assets	1,083,863	204,152	1,003,981										(977,314)			1,314,682
Total current assets	26,727,006	1,626,847	3,977,892													31,057,321
Non-current assets																
Investment in subsidiary	-	-	-													-
Investments at fair value through profit and loss	-	-	-		12,892,176	8,034,508	(20,926,684)									0
Property, plant and equipment	3,570,191	30,108,905	4,262,531		(3,196,734)	(37,004)		(33,000)	(25,800)	(48,308)	(30,027,597)		(2,412,301)	(1,824,430)		336,453
Intangibles	5,320,403	-	-													5,320,403
Deferred tax	42,798,044	-	-			7,665,240										50,463,284
Purchased debt ledgers	8,975,614	-	2,439,724													11,415,338
Security deposits	348,624	-	-													348,624
Loans & other receivables	887,749	-	-													887,749
Total non-current assets	-	2,464,729	5,544,908									(2,464,729)	(5,504,620)			40,288
Total assets	61,900,625	32,573,634	12,247,163													68,812,139
	88,627,631	34,200,481	16,225,055													99,869,460
Liabilities																
Current liabilities																
Trade and other payables	-	-	-													-
Borrowings	18,785,362	280,265	258,733										(290,947)	(1,824,430)	(149,154)	17,059,829
Income tax	3,530,121	-	-										(834,323)			2,695,798
Provisions	587,613	207,398	(2,732)													792,279
Total current liabilities	1,018,149	-	-													1,018,149
Non-current liabilities																
Payables	23,921,245	487,663	256,001													21,566,055
	-	-	-													-
Borrowings	265,255	-	-													265,255
Derivative financial instruments	21,577,203	-	-									(2,464,729)	(7,916,921)			11,195,553
	556,079	-	5,973													562,052

Deferred tax	2,659,495	1,114,635	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,774,130
Provisions	676,625	=	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	676,625
Total non-current liabilities	25,734,657	1,114,635	5,973	-	-	-	-	-	-	-	-	-	-	-	-	-	-	16,473,615
Total liabilities	49,655,902	1,602,298	261,974	-	-	-	-	-	-	-	-	-	-	-	-	-	-	38,039,670
Net assets	38,971,729	32,598,183	15,963,081	-	-	-	-	-	-	-	-	-	-	-	-	-	-	61,829,790
Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issued capital	20,875,481	32,614,781	23,528,129	-	9,695,442	15,662,744	(56,142,910)	-	-	-	-	-	-	-	-	-	-	46,233,666
Reserves	(10,263,130)	=	-	-	-	-	9,738,905	(33,000)	(25,800)	(48,308)	(21,462,730)	-	-	-	-	-	-	(22,094,062)
Accumulated losses	(8,226,750)	(16,598)	(7,565,048)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(15,808,396)
Equity attributable to the owners	2,385,601	32,598,183	15,963,081	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,331,208
Non-controlling interest	36,586,128	=	=	-	-	-	25,477,321	-	-	-	(8,564,867)	-	-	-	-	-	-	53,498,582
Total equity	38,971,729	32,598,183	15,963,081	-	-	-	-	-	-	-	-	-	-	-	-	-	-	61,829,790

Pro Forma Balance Sheet (including HML) assuming JBL acquires 100% of BHD

	<u>John Bridgeman Limited (JBL)</u>	<u>Henry Morgan Limited (HML)</u>	<u>Benjamin Hornigold Limited (BHD)</u>		<u>JBL Capital issued on purchase of HML</u>	<u>JBL Capital issued on purchase of BHD</u>	<u>Consolidation eliminations</u>									<u>John Bridgeman Limited (JBL)</u>
	<u>Pre-acquisition consolidated BS</u>						<u>JBL investment in HML & BHD</u>	<u>HML investment in JBL</u>	<u>BHD investment in JBL</u>	<u>HML investment in BHD</u>	<u>HML investment in JB Financial Group</u>	<u>HML to JBL loan</u>	<u>Intercompany transactions</u>	<u>Foreign currency bank notes</u>	<u>Mgmt fee and broker fee payable</u>	<u>Post- acquisition consolidated BS</u>
	<u>31 Dec 2018</u>															<u>31 Dec 2018</u>
Assets																
Current assets																
Cash and cash equivalents	19,359,871	1,415,763	2,833,570													23,609,204
Trade and other receivables	2,850,298	-	-										(147,956)		(149,154)	2,553,188
Balances held with brokers	2,464,596	6,932	107,955													2,579,483
Inventory	45,999	-	-													45,999
Derivative financial assets	42,520	-	32,386													74,906
Term deposits	732,833	-	-													732,833
Purchased debt ledgers	147,026	-	-													147,026
Other current assets	1,083,863	204,152	1,003,981										(977,314)			1,314,682
Total current assets	26,727,006	1,626,847	3,977,892													31,057,321
Non-current assets																
Investment in subsidiary	-	-	-		12,892,176		15,941,269	(28,833,445)								0
Investments at fair value through profit and loss	3,570,191	30,108,905	4,262,531		(3,196,734)		(37,004)	(33,000)	(25,800)	(48,308)	(30,027,597)		(2,412,301)	(1,824,430)		336,453
Property, plant and equipment	5,320,403	-	-													5,320,403
Intangibles	42,798,044	-	-				15,358,697									58,156,741
Deferred tax	8,975,614	-	2,439,724													11,415,338
Purchased debt ledgers	348,624	-	-													348,624
Security deposits	887,749	-	-													887,749
Loans & other receivables	-	2,464,729	5,544,908									(2,464,729)	(5,504,620)			40,288
Total non-current assets	61,900,625	32,573,634	12,247,163													76,505,596
Total assets	88,627,631	34,200,481	16,225,055													107,562,917
Liabilities																
Current liabilities																
Trade and other payables	18,785,362	280,265	258,733										(290,947)	(1,824,430)	(149,154)	17,059,829
Borrowings	3,530,121	-	-										(834,323)			2,695,798
Income tax	587,613	207,398	(2,732)													792,279
Provisions	1,018,149	-	-													1,018,149
Total current liabilities	23,921,245	487,663	256,001													21,566,055
Non-current liabilities																
Payables	265,255	-	-													265,255
Borrowings	21,577,203	-	-									(2,464,729)	(7,916,921)			11,195,553
Derivative financial instruments	556,079	-	5,973													562,052
Deferred tax	2,659,495	1,114,635	-													3,774,130

Annexure C

Assumptions in preparing Pro Forma Balance Sheets

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

General

- 1 The pro forma information has been prepared in accordance with the Australian Accounting Standards Board and also complies with International Financial Reporting Standards, reflecting the accounting policies of JBL. It has not been audited.
- 2 The pro forma information has been prepared by aggregating the balance sheets of JBL, [HML](#) and BHD as at 31 December 2018.
- 3 The pro forma information excludes the impact of general trading and other non-recurring transactions which have occurred since 31 December 2018, but are not considered to materially impact the financial position presented in the Pro Forma Balance Sheets.

Non-controlling interest calculation

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

BHD acquisition

- 5 Financial information about BHD has been obtained from publicly available sources. JBL is not aware of any events subsequent to the BHD half-year balance date of 31 December 2018 which would materially alter the Pro Forma Balance Sheets.
- 6 The Pro Forma Balance Sheets assume the acquisition of BHD by JBL had been completed by that date. The actual date of the acquisition will be at a later date. AASB 3 'Business Combinations' states that the acquirer shall, at the acquisition date, allocate the cost of a business combination by recognising the acquiree's identifiable assets, liabilities and contingent liabilities that satisfy the recognition criteria at their fair values at that date. Accordingly, JBL will assess the fair value of identifiable net assets of BHD on completion of the acquisition.
- 7 The Pro Forma Balance Sheets are based on the assumption that the fair value of assets (other than intangible assets) and liabilities of BHD are equal to their book value. A full purchase price allocation exercise will be undertaken post acquisition, and the fair value of the assets will be more accurately assessed at that time. This will not impact on the valuation of the business, but may impact the classification between tangible, identifiable intangible assets and goodwill.
- 8 Identifiable intangible assets recognised on acquisition may need to be amortised over the period of their economic benefit to the Merged Group and those amortisation charges will reduce future reported earnings.
- 9 The accounting policies of JBL and BHD are similar and consistent in all material aspects.

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

Prospective financial information of the Merged Group

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