John Bridgeman Limited
Preliminary final report
30 June 2019

1. Company details

Name of entity:	John Bridgeman Limited
ACN:	603 477 185
Reporting period:	For the year ended 30 June 2019
Previous period:	For the year ended 30 June 2018

2. Results for announcement to the market

				$
Revenues from ordinary activities	up	6.2%	to	56,837,299
Loss from ordinary activities after tax attributable to the owners of John Bridgeman Limited	up	69.6%	to	(3,489,332)
Loss for the year attributable to the owners of John Bridgeman Limited	up	69.6%	to	(3,489,332)

Dividends
There were no dividends paid, recommended or declared during the current financial period.

Comments
The loss for the Group after providing for income tax and non-controlling interest amounted to $3,489,332 (30 June 2018: $11,463,606).

3. Statement of Comprehensive Income - attached
4. Statement of Financial Position – attached
5. Statement of Cashflows – attached
6. Statement of Changes in Equity – attached
7. Dividend payments – refer above
8. Dividend reinvestment plan – not applicable at this time as no dividends are currently payable
9. Net tangible assets:

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	12.26	58.41

10. Control gained over entities

Henry Morgan Limited ('HML')

On 16 April 2019, the Company acquired an additional 11,805,926 shares in HML as a result of an off-market takeover offer dated 6 November 2018 increasing its ownership of HML from 9.78% to 46.28%. This was a scrip for scrip offer of 0.95 JBL shares for 1 HML share which values the Company's holding in HML at $8,283,690. The net asset value of the assets purchased at the acquisition date were $14,940,552 resulting in a gain on bargain purchase of $465,063 which has been recorded in the profit or loss statement of the Company.

The results of HML are recorded in the "Listed Investments" segment of the Group. The acquired business contributed revenues of $256,270 and a profit after tax of $254,502 to the Group for the period from 16 April 2019 to 30 June 2019.

11. Details of associates and joint venture entities

Not applicable.

12. Foreign entities

Not applicable.

13. Other significant information

Not applicable

14. Commentary on results for the period

14.1 Earnings per share

	Cents	Cents
Basic earnings per share	(13.37)	(44.61)
Diluted earnings per share	(13.37)	(44.61)

	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	27,693,834
Weighted average number of ordinary shares used in calculating diluted earnings per share	27,693,834

In the calculation of diluted earnings per share, only those options with an exercise price lower than the average market price of ordinary shares of the Company during the period are considered when calculating the effect of options.

Antidilutive options were excluded from dilutive EPS calculation, therefore the basic and diluted EPS are the same.

14.2 There were no returns to shareholders during the year.

14.3 Significant features of operating performance

For the year ended 30 June 2019, the loss for the Group after tax amounted to $5,854,609. This compared to the loss after tax for the year ended 30 June 2018 of $17,065,746.

The decrease in loss after tax is due to significant cost reductions being realised across the Group. The more established businesses within the JB Financial Group Pty Ltd ('JBFG') have performed well and have contributed to the Group's overall increase in profitability. Furthermore, business valuations have stabilised resulting in reduced asset impairments compared to the previous year.

Contributing to the result were unrealised losses on investments of $951,101 (2018: $2,916,443) and impairments on assets recognised of $834,039 (2018: $7,678,926).

14.4 Segments

The consolidated entity is organised into four 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. The result for the year in this segment was a loss after tax of $2,841,885 (2018: loss of $4,767,834).

- Unlisted investments: 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, foreign currency revenue and professional services revenue. The result for the year in this segment was a loss after tax of $455,741 (2018: loss of $11,974,198).

- Listed investments: 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 the Company's investment in Henry Morgan Limited. Revenues consist of interest income, trading gains and losses and investment gains and losses. The result for the year in this segment was a profit after tax of $254,502.

- Proprietary trading: The segment consists of the operational activities of Genesis Proprietary Trading Pty Ltd which has been disclosed as a discontinued operation at 30 June 2019 and has been classified as a non-current asset held for sale. The result for the year in this segment was a loss after tax of $2,811,485 (2018: loss of $323,714).

14.5 Trends in performance

The market-based nature of the Company's investment returns may result in fluctuations in financial performance from year to year.

14.6 Factors which may affect results of the Company in the future include the following:

Sale of Genesis Proprietary Trading Pty Ltd ('Genesis')

On 29 March 2019 the Company entered into a share swap agreement with PXG Holdings Pty Ltd ('Propex') to sell its holding in Genesis in return for 30% shareholding of the combined Propex and Genesis group. Once all conditions precedent are met, the merger of Propex and Genesis will be finalised and Genesis will be deconsolidated. As at 30 June 2019 the balance sheet and results of Genesis are shown as a discontinued operation.

JBL takeover bid for Benjamin Hornigold Limited

On 26 April 2019, the Company announced its intention to make off-market scrip takeover bid to acquire all of the issued shares and options in Benjamin Hornigold Limited (BHD) that it did not currently own.

The Bidder's Statement was issued on 3 May 2019, offering 1 JBL share for each BHD share, and 0.5 JBL options for each BHD option. One 28 May 2019, the consideration for the share offer was increased to 1.5 JBL shares for each BHD share.

The Company declared the bid free from conditions on 12 June 2019, when JBL shareholder approval was received.

On 9 August 2019, separate applications were made to the Takeovers Panel by each of JBL and BHD in respect of the affairs of BHD. At the time of the applications, JBL had a relevant interest in approximately 17.4% of the shares in BHD.

The Takeovers Panel determined to hear the application. As at the date of this document, the Panel has made a declaration of unacceptable circumstances in relation to the affairs of BHD but has not made final orders. JBL has sought a review of the Panel proceedings.

Federal Court proceedings against NSX

On 29 May 2019, the Company filed an application in the Federal Court of Australia for preliminary discovery against National Stock Exchange of Australia Limited and NSX Limited (NSX).

On 25 July 2019, the Federal Court made orders in favour of John Bridgeman Limited, and against NSX. The orders required NSX to provide JBL with all documents recording, inter alia, any allegations said to have been made against JBL, communications between NSX and ASIC and any reasons of the NSX for making the decision to suspend trading in JBL's securities on 10 April 2019.

JBL is in the process of reviewing the material provided by the NSX to date and intends to seek further documentation in order to decide whether to bring legal proceedings against the NSX in the second half of this calendar year.

15. Audit

The report is based on accounts which are in the process of being audited.

16. Signed

Signed ________________________ Date: 13 September 2019

John Bridgeman Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2019

	Note	Consolidated 2019 $	Consolidated 2018 $
Revenue from continuing operations	3	37,736,854	38,720,437
Other income/(losses)	4	1,279,442	(2,769,459)
Expenses			
Operating expenses	5	(6,875,446)	(7,434,249)
Employee benefits expense	6	(18,645,629)	(24,077,862)
Professional services expenses	7	(10,266,819)	(10,748,415)
Other expenses	8	(4,694,491)	(5,832,577)
Interest expense		(2,560,692)	(1,828,685)
Impairment expense		(834,039)	(7,678,926)
Finance costs		(176,246)	-
Loss before income tax benefit from continuing operations		(5,037,066)	(21,649,736)
Income tax benefit	10	1,993,942	4,907,704
Loss after income tax benefit from continuing operations		(3,043,124)	(16,742,032)
Loss after income tax benefit from discontinued operations	9	(2,811,485)	(323,714)
Loss after income tax benefit for the year		(5,854,609)	(17,065,746)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		-	451
Other comprehensive income for the year, net of tax		-	451
Total comprehensive income for the year		(5,854,609)	(17,065,295)
Loss for the year is attributable to:			
Non-controlling interest		(2,150,758)	(5,602,140)
Owners of John Bridgeman Limited	30	(3,703,851)	(11,463,606)
		(5,854,609)	(17,065,746)
Total comprehensive income for the year is attributable to:			
Continuing operations		(427,599)	(5,340,614)
Discontinued operations		(1,723,159)	(261,075)
Non-controlling interest		(2,150,758)	(5,601,689)
Continuing operations		(2,615,525)	(11,400,967)
Discontinued operations		(1,088,326)	(62,639)
Owners of John Bridgeman Limited		(3,703,851)	(11,463,606)
		(5,854,609)	(17,065,295)

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 profit or loss and other comprehensive income
For the year ended 30 June 2019

	Note	Consolidated 2019 $	2018 $
		Cents	**Cents**
Basic earnings per share	11	(13.37)	(44.61)
Diluted earnings per share	11	(13.37)	(44.61)

Refer to note 1 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 30 June 2019

	Note	2019 $	Consolidated 2018 $	2017 $
Assets				
Current assets				
Cash and cash equivalents	12	10,106,103	17,575,600	11,643,090
Inventory	13	45,523	45,511	48,039
Trade and other receivables	14	3,180,448	8,002,180	16,411,919
Derivative financial assets		42,520	42,520	-
Term deposits		707,322	908,225	593,793
Purchased debt ledgers	15	30,419	157,288	700,212
Other assets	16	393,157	585,439	395,692
		14,505,492	27,316,763	29,792,745
Assets of disposal groups classified as held for sale	17	25,901,797	16,290,456	-
Total current assets		40,407,289	43,607,219	29,792,745
Non-current assets				
Investments at fair value through profit and loss	19	3,925,993	3,581,897	6,670,679
Property, plant and equipment	20	4,601,616	5,608,439	4,302,449
Right-of-use assets	21	9,669,463	11,938,133	6,980,020
Intangibles	22	32,048,619	32,859,799	32,985,886
Deferred tax	10	11,900,667	7,839,998	3,310,103
Purchased debt ledgers	15	92,501	434,662	2,099,788
Other assets	16	1,251,370	613,879	91,113
Total non-current assets		63,490,229	62,876,807	56,440,038
Total assets		103,897,518	106,484,026	86,232,783
Liabilities				
Current liabilities				
Trade and other payables	23	13,748,205	23,927,774	8,315,230
Borrowings	24	7,324,375	3,010,560	2,228,943
Lease liabilities	25	105,911	27,028	-
Income tax	10	(243,902)	80,851	3,199,492
Provisions	26	893,669	1,340,281	792,138
		21,828,258	28,386,494	14,535,803
Liabilities directly associated with assets classified as held for sale	18	19,890,786	8,241,442	-
Total current liabilities		41,719,044	36,627,936	14,535,803
Non-current liabilities				
Trade and other payables	23	-	14,780	1,212,283
Borrowings	24	6,925,667	4,085,412	4,715,945
Lease liabilities	25	12,563,962	14,157,705	8,469,652
Deferred tax	27	5,532,917	2,420,881	1,069,171
Provisions	26	565,169	683,257	542,342
Total non-current liabilities		25,587,715	21,362,035	16,009,393
Total liabilities		67,306,759	57,989,971	30,545,196
Net assets		36,590,759	48,494,055	55,687,587

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

John Bridgeman Limited
Statement of financial position
As at 30 June 2019

	Note	Consolidated 2019 $	2018 $	2017 $
Equity				
Issued capital	28	30,180,567	25,567,380	20,216,505
Reserves	29	(6,132,712)	(10,186,415)	(6,003,026)
Accumulated losses	30	(12,525,982)	(8,822,131)	2,641,476
Equity attributable to the owners of John Bridgeman Limited		11,521,873	6,558,834	16,854,955
Non-controlling interest		25,068,886	41,935,221	38,832,632
Total equity		36,590,759	48,494,055	55,687,587

Refer to note 1 for detailed information on restatement of comparatives.

John Bridgeman Limited
Statement of changes in equity
For the year ended 30 June 2019

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 1)	-	-	(130,143)	(299,842)	(429,985)
Adjustment for reclassification due to adoption of AASB 15 (note 1)	-	-	(7,962)	(18,344)	(26,306)
Adjustment for reclassification due to adoption of AASB 16 (note 1)	-	-	(99,540)	(229,332)	(328,872)
Balance at 1 July 2017 - restated	20,216,505	(6,003,026)	2,641,475	38,832,633	55,687,587
Loss after income tax benefit for the year	-	-	(11,463,606)	(5,602,140)	(17,065,746)
Other comprehensive income for the year, net of tax	-	451	-	-	451
Total comprehensive income for the year	-	451	(11,463,606)	(5,602,140)	(17,065,295)
Share-holder interest reserve reclassified to NCI	-	(4,210,711)	-	4,210,711	-
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 28)	4,762,878	-	-	-	4,762,878
Exercise of options on convertible notes	587,997	(42,109)	-	-	545,888
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
Acquisition of shares from NCI	-	-	-	(700,000)	(700,000)
Adjustment for change in shareholder reserve due to adoption of AASB 9	-	68,980	-	(68,980)	-
Balance at 30 June 2018	25,567,380	(10,186,415)	(8,822,131)	41,935,221	48,494,055

Refer to note 1 for detailed information on restatement of comparatives.

John Bridgeman Limited
Statement of changes in equity
For the year ended 30 June 2019

Consolidated	Issued capital $	Reserves $	Retained profits/ (losses) $	Non-controlling interest $	Total equity $
Balance at 1 July 2018	25,567,380	(10,186,415)	(8,822,131)	41,935,221	48,494,055
Loss after income tax benefit for the year	-	-	(3,703,851)	(2,150,758)	(5,854,609)
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	(3,703,851)	(2,150,758)	(5,854,609)
Share-holder interest reserve reclassified to NCI	-	(2,130,980)	-	2,423,388	292,408
Foreign currency translation reserve	-	(7,115)	-	-	(7,115)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 28)	(11,239)	-	-	-	(11,239)
NCI recognised as part of share-based acquisition of Group entity	5,719,973	6,191,798	-	(12,718,193)	(806,422)
Acquisition of shares from NCI	-	-	-	(4,420,772)	(4,420,772)
Share buyback	(4,691,899)	-	-	-	(4,691,899)
Scrip for scrip investment	3,596,352	-	-	-	3,596,352
Balance at 30 June 2019	30,180,567	(6,132,712)	(12,525,982)	25,068,886	36,590,759

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 year ended 30 June 2019

	Note	Consolidated 2019 $	Consolidated 2018 $
Cash flows from operating activities			
Receipts from customers		39,063,338	47,944,429
Payments to suppliers and employees		(44,325,101)	(43,086,352)
Proceeds from sale of investments		-	258,994
Payments for purchase of investments		-	(207,626)
Dividends received		-	4,800
Collection on purchased debt ledgers		35,245	83,704
Interest and other finance costs paid		(226,604)	(495,680)
Interest received		102,096	161,142
		(5,351,026)	4,663,411
Income taxes paid		(184,189)	(1,479,979)
Operating cashflows from discontinued operations		(2,096,916)	(8,399,629)
Net cash used in operating activities	31	(7,632,131)	(5,216,197)
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired		629,112	3,559,020
Payments for investments		(633,082)	-
Payments for property, plant and equipment	20	(330,164)	(2,329,887)
Payments for intangibles	22	(88,776)	(2,270,660)
Placement of term deposits		200,902	(314,431)
Proceeds from disposal of property, plant and equipment		1,035,438	115,332
Investing cashflows from discontinued operations		(357,923)	(5,995)
Net cash from/(used in) investing activities		455,507	(1,246,621)
Cash flows from financing activities			
Proceeds from issue of shares		-	5,075,014
Bank overdraft (payment)/receipt		25,077	-
Proceeds from issue of convertible notes		-	2,200,000
Proceeds from borrowings		7,000,000	-
Loans from related parties		5,566,769	-
Repayment of loans to related parties		(5,852,809)	-
Funds (paid to) / received from investors		(1,096,851)	8,213,198
Payments for share buy-backs		(4,878,289)	-
Share issue transaction costs		-	(52,122)
Repayment of borrowings		(2,634,010)	(1,697,226)
Net repayment of lease liabilities		(69,658)	-
Financing cashflows from discontinued operations		6,552,815	-
Net cash from financing activities		4,613,044	13,738,864
Net increase/(decrease) in cash and cash equivalents		(2,563,580)	7,276,046
Cash and cash equivalents at the beginning of the financial year		18,919,136	11,643,090
Cash and cash equivalents at the end of the financial year	12	16,355,556	18,919,136

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

Note 1. Restatement of comparatives

The Group has considered the implications of new Accounting Standards which have become applicable or are available for early adoption for the current financial reporting period. The Group has made retrospective adjustments as a result of adopting the following standards:

– AASB 9: Financial Instruments
– AASB 15: Revenue from Contracts with Customers
– AASB 16: Leases

The impact of the adoption of these standards and the respective accounting policies are disclosed and presented below:

AASB 9: Financial Instruments

The Group has applied AASB 9 as an adjustment to the earliest opening comparative balance of equity being 1 July 2017

Per AASB 9, trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses (ECLs). 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 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 historical loss 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.

AASB 15: Revenue from Contracts with Customers
The Group has applied AASB 15 as an adjustment to the earliest opening comparative balance of equity being 1 July 2017.

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.

Work in progress (WIP) and accrued revenue balances resulting from revenue recognition under AASB 118 have now been derecognised and the impact recognised in the restatements below.

AASB 16: Leases
The Group has early adopted AASB 16 and has applied it to the earliest opening comparative balance of equity being 1 July 2017. The full retrospective approach has been used to apply the standard.

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under AASB 16, the Group assesses whether a contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Note 1. Restatement of comparatives (continued)

On transition to AASB 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied AASB 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under AASB 117 were not reassessed for whether there is a lease.

Statement of profit or loss and other comprehensive income

	Consolidated		
	2018		2018
	$	$	$
	Reported	Adjustment	Restated
Revenue from continuing operations	54,003,551	(15,283,114)	38,720,437
Other income/(losses)	(2,737,440)	(32,019)	(2,769,459)
Expenses			
Operating expenses	(14,771,811)	7,337,562	(7,434,249)
Traders fees	(5,617,464)	5,617,464	-
Employee benefits expense	(25,641,201)	1,563,339	(24,077,862)
Professional services expenses	(11,360,275)	611,860	(10,748,415)
Other expenses	(7,149,391)	1,316,814	(5,832,577)
Interest expense	(735,216)	(1,093,469)	(1,828,685)
Impairment expense	(7,678,926)	-	(7,678,926)
Loss before income tax benefit from continuing operations	(21,688,173)	38,437	(21,649,736)
Income tax benefit	5,015,505	(107,801)	4,907,704
Loss after income tax benefit from continuing operations	(16,672,668)	(69,364)	(16,742,032)
Loss after income tax benefit from discontinued operations	-	(323,714)	(323,714)
Loss after income tax benefit for the year	(16,672,668)	(393,078)	(17,065,746)
Other comprehensive income			
Foreign currency translation	451	-	451
Other comprehensive income for the year, net of tax	451	-	451
Total comprehensive income for the year	(16,672,217)	(393,078)	(17,065,295)
Loss for the year is attributable to:			
Non-controlling interest	(5,547,194)	(54,946)	(5,602,140)
Owners of John Bridgeman Limited	(11,125,474)	(338,132)	(11,463,606)
	(16,672,668)	(393,078)	(17,065,746)
Total comprehensive income for the year is attributable to:			
Continuing operations	(5,547,194)	206,580	(5,340,614)
Discontinued operations	-	(261,075)	(261,075)
Non-controlling interest	(5,547,194)	(54,495)	(5,601,689)
Continuing operations	(11,125,023)	(275,944)	(11,400,967)
Discontinued operations	-	(62,639)	(62,639)
Owners of John Bridgeman Limited	(11,125,023)	(338,583)	(11,463,606)
	(16,672,217)	(393,078)	(17,065,295)

Note 1. Restatement of comparatives (continued)

	Cents Reported	Cents Adjustment	Cents Restated
Basic earnings per share	(43.30)	(1.31)	(44.61)
Diluted earnings per share	(43.30)	(1.31)	(44.61)

Statement of financial position at the beginning of the earliest comparative period

	Consolidated		
	2017 $ Reported	$ Adjustment	2017 $ Restated
Assets			
Current assets			
Cash and cash equivalents	11,643,090	-	11,643,090
Inventory	48,039	-	48,039
Trade and other receivables	17,063,763	(651,844)	16,411,919
Term deposits	593,793	-	593,793
Purchased debt ledgers	700,212	-	700,212
Other assets	395,692	-	395,692
Total current assets	30,444,589	(651,844)	29,792,745
Non-current assets			
Investments at fair value through profit and loss	6,670,679	-	6,670,679
Property, plant and equipment	4,302,449	-	4,302,449
Right-of-use assets	-	6,980,020	6,980,020
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
Other assets	91,113	-	91,113
Total non-current assets	49,264,465	7,175,573	56,440,038
Total assets	79,709,054	6,523,729	86,232,783
Liabilities			
Current liabilities			
Trade and other payables	8,378,468	(63,238)	8,315,230
Borrowings	2,228,943	-	2,228,943
Income tax	3,199,492	-	3,199,492
Provisions	792,138	-	792,138
Total current liabilities	14,599,041	(63,238)	14,535,803
Non-current liabilities			
Trade and other payables	1,212,283	-	1,212,283
Borrowings	5,813,467	(1,097,522)	4,715,945
Lease liabilities	-	8,469,652	8,469,652
Deferred tax	1,069,171	-	1,069,171
Provisions	542,342	-	542,342
Total non-current liabilities	8,637,263	7,372,130	16,009,393
Total liabilities	23,236,304	7,308,892	30,545,196

Note 1. Restatement of comparatives (continued)

	Consolidated 2017 $ Reported	$ Adjustment	2017 $ Restated
Net assets	56,472,750	(785,163)	55,687,587
Equity			
Issued capital	20,216,505	-	20,216,505
Reserves	(6,003,026)	-	(6,003,026)
Retained profits	2,879,120	(237,644)	2,641,476
Equity attributable to the owners of John Bridgeman Limited	17,092,599	(237,644)	16,854,955
Non-controlling interest	39,380,151	(547,519)	38,832,632
Total equity	56,472,750	(785,163)	55,687,587

Statement of financial position at the end of the earliest comparative period

	Consolidated 2018 $ Reported	$ Adjustment	2018 $ Restated
Assets			
Current assets			
Cash and cash equivalents	18,919,136	(1,343,536)	17,575,600
Inventory	45,511	-	45,511
Trade and other receivables	9,087,701	(1,085,521)	8,002,180
Balances held with brokers	3,414,108	(3,414,108)	-
Derivative financial assets	58,448	(15,928)	42,520
Term deposits	908,225	-	908,225
Purchased debt ledgers	157,288	-	157,288
Other assets	1,322,069	(736,630)	585,439
	33,912,486	(6,595,723)	27,316,763
Assets of disposal groups classified as held for sale	-	16,290,456	16,290,456
Total current assets	33,912,486	9,694,733	43,607,219
Non-current assets			
Investments at fair value through profit and loss	3,581,897	-	3,581,897
Property, plant and equipment	5,658,627	(50,188)	5,608,439
Right-of-use assets	-	11,938,133	11,938,133
Intangibles	42,880,855	(10,021,056)	32,859,799
Deferred tax	7,856,841	(16,843)	7,839,998
Purchased debt ledgers	434,662	-	434,662
Other assets	764,004	(150,125)	613,879
Total non-current assets	61,176,886	1,699,921	62,876,807
Total assets	95,089,372	11,394,654	106,484,026

Note 1. Restatement of comparatives (continued)

	Consolidated		
	2018		2018
	$	$	$
	Reported	Adjustment	Restated
Liabilities			
Current liabilities			
Trade and other payables	31,944,007	(8,016,233)	23,927,774
Borrowings	3,030,158	(19,598)	3,010,560
Lease liabilities	-	27,028	27,028
Income tax	80,851	-	80,851
Provisions	1,458,988	(118,707)	1,340,281
	36,514,004	(8,127,510)	28,386,494
Liabilities directly associated with assets classified as held for sale	-	8,241,442	8,241,442
Total current liabilities	36,514,004	113,932	36,627,936
Non-current liabilities			
Trade and other payables	303,691	(288,911)	14,780
Borrowings	5,285,954	(1,200,542)	4,085,412
Lease liabilities	-	14,157,705	14,157,705
Deferred tax	2,630,170	(209,289)	2,420,881
Provisions	683,257	-	683,257
Total non-current liabilities	8,903,072	12,458,963	21,362,035
Total liabilities	45,417,076	12,572,895	57,989,971
Net assets	49,672,296	(1,178,241)	48,494,055
Equity			
Issued capital	25,567,380	-	25,567,380
Reserves	(10,255,395)	68,980	(10,186,415)
Accumulated losses	(8,246,354)	(575,777)	(8,822,131)
Equity attributable to the owners of John Bridgeman Limited	7,065,631	(506,797)	6,558,834
Non-controlling interest	42,606,665	(671,444)	41,935,221
Total equity	49,672,296	(1,178,241)	48,494,055

Reconciliation of impact of adoption of new accounting standards is summarised below:

	30 June 2018 Impact on Profit and Loss $	30 June 2018 Impact on Equity $	30 June 2017 Impact on Profit and Loss $	30 June 2017 Impact on Equity $
AASB 9 adjustments	161,147	(268,838)	(429,985)	(429,985)
AASB 15 adjustments	(153,897)	(180,203)	(26,306)	(26,306)
AASB 16 adjustments	(400,328)	(729,200)	(328,872)	(328,872)
	(393,078)	(1,178,241)	(785,163)	(785,163)

Note 2. Operating segments

Identification of reportable operating segments
The consolidated entity is organised into four operating segments explained below:

- 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.

- Unlisted investments: 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, foreign currency revenue and professional services revenue.

- Listed investments: 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 the Company's investment in Henry Morgan Limited. Revenues consist of interest income, trading gains and losses and gains and losses on investments.

- Proprietary trading: The segment consists of the operational activities of Genesis Proprietary Trading Pty Ltd which has been disclosed as a discontinued operation at 30 June 2019 and has been classified as a non-current asset held for sale.

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.

2019	Investment management services $	Unlisted investments $	Listed investments $	Proprietary trading (Discontinued Operation) $	Total $
External revenue	1,003,508	36,409,243	256,270	19,117,159	56,786,180
Intersegment revenue	-	67,833	-	-	67,833
	1,003,508	36,477,076	256,270	19,117,159	56,854,013
Other income	(722,368)	1,360,906	538,810	(16,714)	1,160,634
Interest income	4,645	97,449	-	-	102,094
Total other income	(717,723)	1,458,355	538,810	(16,714)	1,262,728
Operating expenses	-	-	-	(12,920,974)	(12,920,974)
Depreciation and amortisation	(449,726)	(4,355,813)	-	(88,622)	(4,894,161)
Intersegment proprietary trading losses	(67,833)	-	-	-	(67,833)
Other operating expenses	(28,261)	(1,962,519)	(11,294)	-	(2,002,074)
Trading expenses	-	-	-	(3,373,717)	(3,373,717)
Total operating expenses	(545,820)	(6,318,332)	(11,294)	(16,383,313)	(23,258,759)

Note 2. Operating segments (continued)

Employee benefits expense	(2,003,247)	(16,529,516)	(112,866)	(1,968,948)	(20,614,577)
Professional services expenses	(1,436,754)	(8,655,075)	(174,990)	(322,912)	(10,589,731)
Other expenses	(626,968)	(3,873,329)	(194,194)	(2,231,175)	(6,925,666)
Impairment of assets	-	(1,084,039)	250,000	(1,428,988)	(2,263,027)
Finance costs	-	(176,246)	-	-	(176,246)
Interest expense	(982,639)	(1,389,889)	(188,164)	(98,736)	(2,659,428)
	(3,046,361)	(15,178,578)	(307,348)	(4,081,811)	(22,614,098)
(Loss)/Profit before tax	(5,309,643)	(90,998)	363,575	(3,333,627)	(8,370,693)
Income tax benefit/(expense)	2,467,758	(364,743)	(109,073)	522,142	2,516,084
(Loss)/Profit after tax	(2,841,885)	(455,741)	254,502	(2,811,485)	(5,854,609)

2019	Investment Management services $	Unlisted investments $	Listed investments $	Proprietary trading (Discontinued Operation) $	Total $
Segment assets	11,222,202	61,645,449	5,174,223	25,855,644	103,897,518
Segment liabilities	(28,072,743)	(16,295,486)	(3,058,078)	(19,880,452)	(67,306,759)
Segment net assets	(16,850,541)	45,349,963	2,116,145	5,975,192	36,590,759

2018	Investment management services $	Unlisted investments $	Proprietary trading (Discontinued operations) $	Total $
External revenue	3,401,215	35,211,429	14,777,787	53,390,431
Intersegment revenue	107,793	-	-	107,793
	3,509,008	35,211,429	14,777,787	53,498,224
Other income	(2,913,989)	(16,612)	(12,334)	(2,942,935)
Interest income	2,391	158,751	44,354	205,496
Total other income/(losses)	(2,911,598)	142,139	32,020	(2,737,439)
Depreciation and amortisation	(331,328)	(3,838,589)	(170,941)	(4,340,858)
Other operating expenses	(1,132,499)	(2,131,833)	(6,413,806)	(9,678,138)
Trading expenses	-	-	(5,617,466)	(5,617,466)
Total operating expenses	(1,463,827)	(5,970,422)	(12,202,213)	(19,636,462)
Employee benefits expense	(3,861,522)	(20,108,547)	(1,563,338)	(25,533,407)
Intersegment employee benefits expense	-	(107,793)	-	(107,793)
Total employee benefits expense	(3,861,522)	(20,216,340)	(1,563,338)	(25,641,200)
Professional services expense	(1,245,112)	(9,503,303)	(320,031)	(11,068,446)
Other expenses	(1,878,844)	(3,953,733)	(1,092,959)	(6,925,536)
Impairment of assets	(700,799)	(6,978,127)	-	(7,678,926)
Interest expense	(405,900)	(1,422,785)	(59,674)	(1,888,359)
	(4,230,655)	(21,857,948)	(1,472,664)	(27,561,267)
(Loss)/Profit before tax	(8,958,594)	(12,691,142)	(428,408)	(22,078,144)
Income tax benefit/(expense)	4,190,760	716,944	104,694	5,012,398
(Loss)/Profit after tax	(4,767,834)	(11,974,198)	(323,714)	(17,065,746)

Note 2. Operating segments (continued)

2018	Investment management services $	Unlisted investments $	Proprietary trading (Discontinued operations) $	Total $
Segment assets	5,350,629	84,842,941	16,290,456	106,484,026
Segment liabilities	(14,798,150)	(34,950,379)	(8,241,442)	(57,989,971)
	(9,447,521)	49,892,562	8,049,014	48,494,055

Note 3. Revenue

	Consolidated	
	2019 $	2018 $
From continuing operations		
Sales and services revenue		
Foreign currency exchange revenue	14,031,064	11,368,150
Professional services	17,469,974	17,245,426
Consultancy fee income	-	893,434
Brokerage and commission	3,716,585	5,039,385
Restaurant sales	1,497,395	1,558,468
Interest income on purchased debt ledgers	18,328	-
	36,733,346	36,104,863
Management and performance fee income		
Management fees	982,907	1,711,544
Performance fees	20,601	904,030
	1,003,508	2,615,574
Revenue from continuing operations	37,736,854	38,720,437

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.

Note 3. Revenue (continued)

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. Proprietary trading gains have been disclosed as part of Discontinued operations. Refer to Note 9.

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.

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 4. Other income / (losses)

	Consolidated	
	2019	**2018**
	$	**$**
Net foreign exchange losses	(229,755)	(155,669)
Dividend income	-	4,800
Net fair value gain on investments	10,675	-
Net fair value gain on other financial assets	4,535	-
Bargain purchase goodwill	465,063	-
Net gain on disposal of property, plant and equipment	727,208	-
Interest income	102,094	70,462
Interest income on purchased debt ledgers	-	90,679
Net losses on financial instruments at fair value through profit or loss	(951,101)	(2,916,443)
Miscellaneous income	1,150,723	136,712
Other income/(losses)	1,279,442	(2,769,459)

Note 4. Other income / (losses) (continued)

Bargain purchase goodwill
On 16 April 2019, the Company acquired an additional 11,805,926 shares in HML as a result of an off-market takeover offer dated 6 November 2018 increasing its ownership from 9.78% to 46.28%.This was a scrip for scrip offer of 0.95 JBL shares for 1 HML share which values the Company's holding in HML at $12,294,726. The net asset value of the assets purchased at the acquisition date was $14,940,552 resulting in a gain on bargain purchase of $465,063 which has been recorded in the profit or loss statement of the Company.

Net gain on disposal of property, plant and equipment
The JBFX Vault storage facility and associated physical assets were sold for $850,000 plus GST on 31 August 2018. A gain on sale of $721,016 has been realised.

Net gain/(loss) on financial instruments at fair value through profit or loss
Gains and losses arising from changes in the fair value of investments held are recognised in the statement of profit or loss and other comprehensive income in the period in which they arise.

Interest income
Interest revenue is recognised as it accrues, using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Note 5. Operating expenses

	Consolidated	
	2019 $	2018 $
Foreign banknote usage fee	47,501	618,511
Commissions paid to investment brokers	614,779	1,472,504
Dealing expenses	19,256	6,609
Restaurant cost of sales	610,174	693,365
Depreciation and amortisation	4,805,539	4,169,914
Restaurant running costs	280,591	-
Rental expenses	494,269	473,346
Exchange fees	3,337	-
	6,875,446	7,434,249

Note 6. Employee benefits expense

Salaries, wages and other short term benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a legal or constructive obligation to pay this amount as a result of a past service provided by the employee and the obligation can be measured reliably. If benefits are not expected to be settled wholly within 12 months of the reporting date, they are then discounted.

	Consolidated	
	2019 $	2018 $
Salary, wages and other short term benefits	17,486,265	22,374,599
Post-employment benefits	1,319,457	1,610,317
Long term benefits	(160,093)	92,946
	18,645,629	24,077,862

Note 7. Professional services expenses

	Consolidated	
	2019	2018
	$	$
Professional services expenses - Consultants	7,915,607	8,217,228
Professional services expenses - Legal expenses	1,089,175	773,368
Professional services expenses - Accounting and audit expenses	948,126	1,527,251
Insurance	313,911	230,568
	10,266,819	10,748,415

Note 8. Other expenses

	Consolidated	
	2019	2018
	$	$
Travel expenses	240,674	918,939
Market information systems	443,353	-
Management fees	12,093	139,616
Marketing and advertising	571,654	702,136
Printing and stationery	247,642	246,610
IT and communications	999,999	1,075,763
Professional subscriptions	72,421	121,382
Transport	309,325	283,450
Utilities	103,621	189,526
Security expenses	113,883	526,294
Net gain on disposal of property, plant and equipment	44,325	11,204
Staff related expenses	134,623	132,313
Administration costs	571,072	388,969
Merchant fees	145,876	151,899
Other	683,930	944,476
	4,694,491	5,832,577

Note 9. Discontinued operations

Description
On 29 March 2019 the Company entered into a share swap agreement with PXG Holdings Pty Ltd ('Propex') to sell its holding in Genesis in return for 30% shareholding of the combined Propex and Genesis group. Once all conditions precedent are met, the merger of Propex and Genesis will be finalised and Genesis will be deconsolidated. As at 30 June 2019 the balance sheet and results of Genesis are shown as a discontinued operation. Prior period comparatives have also been restated.

The Proprietary trading segment was not previously classified as held-for-sale or as a discontinued operation.

Note 9. Discontinued operations (continued)

Financial performance information

	Consolidated 2019 $	Consolidated 2018 $
Proprietary trading gains	19,117,159	14,777,787
Miscellaneous income	(53,670)	(12,335)
Interest income	36,956	44,354
Total revenue	19,100,445	14,809,806
Operating expenses	(12,920,974)	(6,413,806)
Traders fees	(3,373,717)	(5,617,464)
Employee benefits expense	(1,968,948)	(1,563,338)
Professional services expense	(322,912)	(320,031)
Other expenses	(2,231,175)	(1,092,960)
Depreciation and amortisation	(88,622)	(170,941)
Interest expense	(98,736)	(59,674)
Impairment of assets	(1,428,988)	-
Total expenses	(22,434,072)	(15,238,214)
Loss before income tax benefit	(3,333,627)	(428,408)
Income tax benefit	522,142	104,694
Loss after income tax benefit from discontinued operations	(2,811,485)	(323,714)

Accounting policy for discontinued operations
A discontinued operation is a component of the Group that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

Note 10. Income tax

	Consolidated 2019 $	Consolidated 2018 $
Income tax benefit		
Current tax	4,428	1,176,322
Deferred tax - origination and reversal of temporary differences	(2,520,512)	(6,188,720)
Aggregate income tax benefit	(2,516,084)	(5,012,398)
Income tax benefit is attributable to:		
Loss from continuing operations	(1,993,942)	(4,907,704)
Loss from discontinued operations	(522,142)	(104,694)
Aggregate income tax benefit	(2,516,084)	(5,012,398)
Numerical reconciliation of income tax benefit and tax at the statutory rate		
Loss before income tax benefit from continuing operations	(5,037,066)	(21,649,736)
Loss before income tax benefit from discontinued operations	(3,333,627)	(428,408)
	(8,370,693)	(22,078,144)
Tax at the statutory tax rate of 30%	(2,511,208)	(6,623,443)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Permanent differences	601,136	1,853,512
Differential tax rates across jurisdictions	(5,884)	396
Prior years unders / overs	(157,491)	(242,863)
Lease liabilities and right of use assets	(442,637)	-
Income tax benefit	(2,516,084)	(5,012,398)

	Consolidated 2019 $	Consolidated 2018 $
Deferred tax asset		
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Tax losses	8,557,183	3,687,085
Allowance for expected credit losses	42,436	129,689
Property, plant and equipment	241,546	28,495
Provision for trader settlements	-	2,282,482
Lease liabilities and right of use assets	615,018	-
Short term provisions and other payables	1,379,144	890,975
Capital raising costs (deductible over 5 years)	95,318	88,358
Unrealised losses on financial assets	772,938	732,914
Capitalised expenses to form part of the cost base	197,084	-
Deferred tax asset	11,900,667	7,839,998

Note 10. Income tax (continued)

	Consolidated	
	2019	2018
	$	$
Provision for income tax		
Provision for income tax	(243,902)	80,851

Accounting policy for income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Note 11. Earnings per share

	Consolidated	
	2019	2018
	$	$
Earnings per share for loss from continuing operations		
Loss after income tax attributable to the owners of John Bridgeman Limited	(3,043,124)	(16,742,032)

	Consolidated	
	2019	2018
	$	$
Earnings per share for loss from discontinued operations		
Loss after income tax attributable to the owners of John Bridgeman Limited	(2,811,485)	(323,714)

Note 11. Earnings per share (continued)

	Consolidated	
	2019	**2018**
	$	**$**
Earnings per share for loss		
Loss after income tax	(5,854,609)	(17,065,746)
Non-controlling interest	2,150,758	5,602,140
Loss after income tax attributable to the owners of John Bridgeman Limited	(3,703,851)	(11,463,606)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	27,693,834	25,694,957
Weighted average number of ordinary shares used in calculating diluted earnings per share	27,693,834	25,694,957
	Cents	**Cents**
Basic earnings per share	(13.37)	(44.61)
Diluted earnings per share	(13.37)	(44.61)

In the calculation of diluted earnings per share, only those options with an exercise price lower than the average market price of ordinary shares of the Company during the period are considered when calculating the effect of options.

Antidilutive options were excluded from dilutive EPS calculation, therefore the basic and diluted EPS are the same.

Accounting policy for earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of John Bridgeman Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Note 12. Cash and cash equivalents

	Consolidated	
	2019	2018
	$	$
Current assets		
Currency held as stock (a)	6,201,912	9,140,900
Cash at bank (b)	3,904,191	8,434,700
	10,106,103	17,575,600

Reconciliation to cash and cash equivalents at the end of the financial year
The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:

Balances as above	10,106,103	17,575,600
Cash and cash equivalents - classified as held for sale (note 17)	6,249,453	1,343,536
Bank overdraft (note 24)	(47,960)	(22,883)
Balance as per statement of cash flows	16,307,596	18,896,253

(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 $1,235,369 (Note 23) for segregated client funds (2018: $4,227,700). 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 13. Inventory

	Consolidated	
	2019	2018
	$	$
Current assets		
Restaurant inventories	45,523	45,511

Accounting policy for inventories
Stock on hand is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Note 14. Trade and other receivables

	Consolidated	
	2019	**2018**
	$	**$**
Current assets		
Trade receivables	3,413,980	4,644,728
Less: Allowance for expected credit losses	(307,258)	(432,295)
	3,106,722	4,212,433
Other receivables	73,726	546
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)
	3,180,448	8,002,180

(a) Subsequent to the year end 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 30 June 2018 was $4.65 per share. There was a provision for impairment recognised to reflect the adjustment in fair value of the share.

Allowance for expected credit losses
The Group has recognised a loss of $307,258 (2018: loss $432,295) in profit or loss in respect of the expected credit losses for the year ended 30 June 2019.

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;
- 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 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. 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. 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.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Note 14. Trade and other receivables (continued)

Accounting policy for trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

Note 15. Purchased debt ledgers

	Consolidated	
	2019	**2018**
	$	**$**
Current assets		
Purchased debt ledgers	30,419	157,288
Non-current assets		
Purchased debt ledgers	2,668,960	2,559,008
Provision for impairment of purchased debt ledgers (a)	(2,576,459)	(2,124,346)
	92,501	434,662
	122,920	591,950

(a) Tranches of purchased debt ledgers (PDLs) 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 year ended 30 June 2019, the Company estimated that PDLs amortise at a rate of 48% per annum (2018: 48%). 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. For the year ended 30 June 2019, the Company has impaired the PDLs by a further $452,113 (2018:$2,124,346).

Note 16. Other 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.

Note 16. Other assets (continued)

	Consolidated 2019 $	Consolidated 2018 $
Current assets		
Prepayments	306,748	447,248
Security deposits	10,000	-
Other current assets	76,409	138,191
	393,157	585,439
Non-current assets		
Security deposits - refundable	860,924	613,879
Other non-current assets	390,446	-
	1,251,370	613,879
	1,644,527	1,199,318

Note 17. Assets of disposal groups classified as held for sale

On 29 March 2019 the Company entered into a share swap agreement with PXG Holdings Pty Ltd ('Propex') to sell its holding in Genesis in return for 30% shareholding of the combined Propex and Genesis group. Once all conditions precedent are met, the merger of Propex and Genesis will be finalised and Genesis will be deconsolidated. As at 30 June 2019 the balance sheet and results of Genesis are shown as a discontinued operation.

The Proprietary trading segment was not previously classified as held-for-sale or as a discontinued operation. Although intra-group transactions have been fully eliminated in the consolidated financial results, management has elected to attribute the elimination of transactions between the continuing operations and the discontinued operating before the disposal in a way that reflects the continuance of these transactions subsequent to the disposal, because management believes this is useful to the users of the financial statements.

Impairment losses relating to the disposal group

The fair value measurement for the disposal group is $8,357,143 (before costs to sell of $48,639) resulting in an impairment loss being recognised of $1,428,988 for write-downs of the disposal group to the lower of its carrying amount and its fair value less costs to sell have been included in impairment of assets expense. The impairment losses have been applied to reduce the carrying amount of goodwill within the disposal group.

At 30 June 2019, the disposal group was stated at fair value less costs to sell and comprised the following assets and liabilities:

Note 17. Assets of disposal groups classified as held for sale (continued)

	Consolidated 2019 $	Consolidated 2018 $
Current assets		
Cash and cash equivalents	6,249,453	1,343,536
Trade and other receivables	-	158,560
Derivative financial instruments	-	15,928
Prepayments	20,360	38,072
Accrued revenue trailing commission	2,081,546	698,559
Other current assets	270,161	400,323
Balances held with brokers	8,264,893	3,414,108
Property, plant and equipment	5,830	50,189
Intangibles	450,530	229,322
Deferred tax asset	46,153	-
Security deposits refundable	150,125	150,125
Goodwill	8,362,746	9,791,734
	25,901,797	16,290,456

Note 18. Liabilities directly associated with assets classified as held for sale

	Consolidated 2019 $	Consolidated 2018 $
Current liabilities		
Trade payables	271,841	251,910
Commission payable to traders	12,061,058	7,608,273
Accrued expenses	835,039	262,553
Other loans	6,552,815	-
Deferred tax liability	46,155	-
Provision for income tax	(5,291)	-
Employee benefits	129,169	118,706
	19,890,786	8,241,442

Note 19. Investments at fair value through profit and loss

	Consolidated 2019 $	Consolidated 2018 $
Non-current assets		
Investments in listed equities	3,633,357	3,581,897
Investments in unlisted equities	292,636	-
	3,925,993	3,581,897

Note 19. Investments at fair value through profit and loss (continued)

In 2018, investments at fair value through profit and loss included 3,165,083 shares in Henry Morgan Limited (ASX:HML) valued at $3,544,893.

On 16 April 2019, the Company acquired an additional 11,805,926 shares in HML as a result of an off-market takeover offer dated 6 November 2018 increasing its ownership of HML from 9.78% to 46.28%. This was a scrip for scrip offer of 0.95 JBL shares for 1 HML share which values the Company's holding in HML at $8,283,690. The net asset value of the assets purchased at the acquisition date were $14,940,552 resulting in a gain on bargain purchase of $465,063 which has been recorded in the profit or loss statement of the Company.

On 12 June 2019, JBL acquired 3,995,942 shares in Benjamin Hornigold Ltd in a scrip for scrip offer of 1.5 JBL shares for 1 BHD share as a result of an off-market takeover offer increasing its ownership percentage from 0.18% at 30 June 2018 to 16.73% at 30 June 2019. The investment was valued at $3,633,357 (2018: $37,004).

Note 20. Property, plant and equipment

	Consolidated	
	2019	**2018**
	$	**$**
Non-current assets		
Leasehold improvements - at cost	4,557,333	3,803,815
Less: Accumulated depreciation	(1,475,946)	(456,414)
	3,081,387	3,347,401
Plant and equipment - at cost	1,723,428	1,456,051
Less: Accumulated depreciation	(854,427)	(70,503)
	869,001	1,385,548
Motor vehicles - at cost	940,069	1,067,571
Less: Accumulated depreciation	(288,841)	(192,081)
	651,228	875,490
	4,601,616	5,608,439

Note 20. Property, plant and equipment (continued)

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

Consolidated	Leasehold improvements $	Plant and equipment $	Motor vehicles $	Total $
Balance at 1 July 2017	1,991,142	1,258,449	1,052,858	4,302,449
Additions	1,515,391	647,828	33,690	2,196,909
Additions through business combinations	117,762	128,115	16,115	261,992
Classified as held for sale	(33,472)	(16,716)	-	(50,188)
Disposals	(328)	(48,446)	(66,557)	(115,331)
Exchange differences	-	(56)	-	(56)
Transfers in/(out)	333,853	(333,853)	-	-
Depreciation expense	(576,947)	(249,773)	(160,616)	(987,336)
Balance at 30 June 2018	3,347,401	1,385,548	875,490	5,608,439
Additions	280,548	49,616	-	330,164
Disposals	(80,978)	(309,796)	(84,633)	(475,407)
Reclassification	617,220	(323)	(842)	616,055
Depreciation expense	(1,082,804)	(256,044)	(138,787)	(1,477,635)
Balance at 30 June 2019	3,081,387	869,001	651,228	4,601,616

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	4-10 years
Plant and equipment	3-10 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.

Note 21. Right-of-use assets

	Consolidated 2019 $	2018 $
Non-current assets		
Land and buildings - right-of-use	17,026,878	14,354,180
Less: Accumulated depreciation	(7,342,607)	(2,416,047)
Less: Impairment	(164,467)	-
	9,519,804	11,938,133
Motor vehicles - right-of-use	181,918	-
Less: Accumulated depreciation	(32,259)	-
	149,659	-
	9,669,463	11,938,133

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

Consolidated	Property $	Motor vehicles $	Total $
Balance at 1 July 2017	6,980,020	-	6,980,020
Additions	7,374,160	-	7,374,160
Depreciation expense	(2,416,047)	-	(2,416,047)
Balance at 30 June 2018	11,938,133	-	11,938,133
Additions	693,665	181,918	875,583
Impairment of assets	(164,467)	-	(164,467)
Depreciation expense	(2,947,527)	(32,259)	(2,979,786)
Balance at 30 June 2019	9,519,804	149,659	9,669,463

Accounting policy for right-of-use assets
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Note 22. Intangibles

	Consolidated 2019 $	Consolidated 2018 $
Non-current assets		
Goodwill - at cost	29,860,649	30,316,131
Licenses - at cost	4,963,960	4,963,960
Less: Accumulated amortisation	(750,365)	(750,365)
Less: Impairment	(4,211,595)	(4,211,595)
	2,000	2,000
Software - at cost	3,490,905	3,411,403
Less: Accumulated amortisation	(594,269)	(314,359)
Less: Impairment	(729,268)	(642,186)
	2,167,368	2,454,858
Other intangible assets - at cost	161,219	161,219
Less: Accumulated amortisation	(142,617)	(74,409)
	18,602	86,810
	32,048,619	32,859,799

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

Consolidated	Goodwill $	Licences $	Software $	Other intangible assets $	Total $
Balance at 1 July 2017	29,682,845	3,224,281	78,760	-	32,985,886
Additions	-	1,478,252	890,391	-	2,368,643
Additions through business combinations	13,058,928	-	25,680	266,878	13,351,486
Classified as held for sale	(9,791,734)	-	(187,058)	(42,264)	(10,021,056)
Finalisation of provisional accounting	(2,630,377)	-	2,600,000	-	(30,377)
Exchange differences	(3,531)	-	-	-	(3,531)
Impairment of assets	-	(4,211,595)	(642,186)	-	(4,853,781)
Amortisation expense	-	(488,938)	(310,729)	(137,804)	(937,471)
Balance at 30 June 2018	30,316,131	2,000	2,454,858	86,810	32,859,799
Additions	-	-	88,776	-	88,776
Disposal of intangibles	-	-	(9,274)	-	(9,274)
Impairment of assets	(455,482)	-	(87,082)	-	(542,564)
Amortisation expense	-	-	(279,910)	(68,208)	(348,118)
Balance at 30 June 2019	29,860,649	2,000	2,167,368	18,602	32,048,619

Note 22. Intangibles (continued)

For the purpose of impairment testing, goodwill is allocated to the Group's CGUs as follows:

	Consolidated	
	2019	2018
	$	$
Impairment testing for CGU's containing goodwill		
Broking	2,831,412	2,831,412
Foreign currency	7,497,938	7,497,938
Mercantile service business	19,531,299	19,531,299
Commercial lending	-	455,482
	29,860,649	30,316,131

Impairment of goodwill
All of the Group's goodwill is contained within JBFG and its subsidiaries. The Group has evaluated the recoverability of goodwill with reference to the directors' assessment of the fair value less costs to disposal of JBFG and its subsidiaries. The fair value measurement was categorised as a Level 3 fair value based on the inputs in the valuation. The fair value has been determined from management forecasts prepared by the JBFG subsidiary executives and calculated on the sum of parts basis and application of a multiple which has been discounted for its unlisted status and liquidity. This approach was considered most appropriate given the businesses owned by JBFG vary significantly in terms of their operational nature, capital requirements, return on capital employed and earnings profile.

Commercial Lending business
The recoverable amount of the Commercial Lending business was assigned a nil value and the goodwill from that acquisition of $455,482 has been fully impaired.

Impairment of internally developed software
The Group recognised an additional impairment expense of $87,082 (2018: $642,186) for software development in JB Fintech Services as the software is being transferred to an external entity as consideration for a minority interest investment. This impairment has been included in the operations of investments in subsidiaries segment.

Note 23. Trade and other payables

	Consolidated	
	2019	2018
	$	$
Current liabilities		
Trade payables	3,548,222	9,838,074
Foreign currency bank notes payable (a)	7,116,347	8,213,198
Client funds	1,235,369	4,227,700
Payable to related parties	553,773	-
Licensing fee payable	792,180	1,065,372
Accrued expenses	381,315	503,072
Interest payable	133,945	74,582
Other payables	(12,946)	5,776
	13,748,205	23,927,774
Non-current liabilities		
Other payables	-	14,780
	13,748,205	23,942,554

Note 23. Trade and other payables (continued)

(a) Foreign currency banknotes are held in the custody of Kings Currency Exchange Pty Ltd (Kings) (controlled entity of the Group). The banknotes are traded and managed by Kings on behalf of Benjamin Hornigold Limited ('BHD') under a services agreement which provides for a minimum return of 9% per annum on the Australian dollar value of the banknotes. Realised returns over 9% per annum on the banknotes are retained by Kings as a fee for trading the banknotes on behalf of BHD. In June 2019, this return increased to 9.65%.
As custodian of the banknotes, any foreign exchange movement in the value of the banknotes accrues as part of the payable from the Group. Trading fees of $47,501 (2018:$618,511) is recognised as operating expenses of which $71,613 (2018:$49,619) on the banknotes are included in accrued expenses.

Accounting policy for trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted.

Note 24. Borrowings

	Consolidated	
	2019	**2018**
	$	**$**
Current liabilities		
Bank overdraft	47,960	22,883
Loans from related parties (a)	2,236,119	509,979
Convertible loan (b)	2,517,578	2,305,278
Senior debt (c)	1,801,956	-
Other	55,000	8,996
Lease incentive liability	525,511	-
Hire purchase	-	75,026
Finance lease liability	140,251	88,398
	7,324,375	3,010,560
Non-current liabilities		
Senior debt (c)	2,975,006	-
Other	-	4,910
Convertible notes payable	3,351,818	3,300,774
Finance lease liabilities (d)	598,843	779,728
	6,925,667	4,085,412
	14,250,042	7,095,972

(a) On 10 July 2018 Genesis, a wholly owned subsidiary of JBFG, received a loan of $800,000 from BHD, with a maturity date of 31 October 2019 at 9% per annum interest. On 7 May 2019, this loan was novated to JBFG with Genesis agreeing to pay the amount outstanding to JBFG. As at 30 June 2019 the balance owing was $870,027.

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 30 June 2019 the balance owing was $1,004,620 with interest owing of $47,795.

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 2018, the interest rate was reduced to 5.5% per annum and the term was extended to 30 March 2020. As at 30 June 2019 the balance owing was $50,000.

Note 24. Borrowings (continued)

(b) 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 30 June 2019 the balance owing was $2,517,578 (30 June 2018: $2,305,278) which includes accrued interest of $317,577 repayable at maturity of the loan (30 June 2018: $105,278).

(c) 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. $1,749,999 of this debt is classified as a current liability with interest owing of $51,957.

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 30 June 2019 $4,725,000 is outstanding on the facility.

(d) Finance lease liabilities consist of leases secured over motor vehicles with various rates of interest between 5.85% and 6.07%.

Note 25. Lease liabilities

During the financial year the Company has early adopted AASB 16: Leases. The result of this is that the entity has a large Right of Use Asset, as seen in note 21, and a corresponding lease liability as shown below, which represents the present value of the Company's future lease commitments.

	Consolidated	
	2019	**2018**
	$	**$**
Current liabilities		
Lease liability	105,911	27,028
Non-current liabilities		
Lease liability	12,563,962	14,157,705
	12,669,873	14,184,733

Note 25. Lease Liabilities (continued)

	Consolidated 2019 $	Consolidated 2018 $
Maturity analysis- contractual undiscounted cash flows		
One to five years	8,302,303	10,266,327
More than five years	7,223,243	7,821,784
	15,525,546	18,088,111

	Consolidated 2019 $	Consolidated 2018 $
Lease liabilities included in the statement of financial position at 30 June	12,669,873	14,184,733
Current	105,911	27,028
Non-current	12,563,962	14,157,705
	12,669,873	14,184,733

	Consolidated 2019 $	Consolidated 2018 $
Amounts recognised in profit or loss		
Interest on lease liabilities	(1,190,004)	(1,153,143)
Income from sub-leasing of right-of-use asset	30,465	-
	(1,159,539)	(1,153,143)
Amounts recognised in the statement of cash flows		
Total cash outflow for leases	(3,580,447)	(2,812,222)

Leases

i. Real estate leases
The Group leases buildings for its offices spaces and retail stores. The leases of the retail stores typically run for 5 years and office spaces tenure varying across the Group. The Group sub-leases one of its office properties under an operating lease and recognises the income from its sub-leasing agreement.

ii. Vehicle leases
The Group leases vehicles over a term of four years. The Group has the option to purchase the vehicle at the end of the contract term.

Accounting policy for lease liabilities
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Note 26. Provisions

	Consolidated	
	2019	**2018**
	$	**$**
Current liabilities		
Employee benefits	893,669	1,340,281
Non-current liabilities		
Employee benefits	357,925	349,147
Lease make good	207,244	334,110
	565,169	683,257
	1,458,838	2,023,538

Accounting policy for provisions
Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Accounting policy for employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Note 27. Deferred tax

	Consolidated	
	2019	**2018**
	$	**$**
Non-current liabilities		
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Unrealised gains on financial assets	4,717,636	-
Property, plant and equipment	206,965	42,679
Interest receivable	601,058	33,137
Other current assets	4,871	729
Accrued revenue	2,387	209,568
Management fee receivable	-	2,134,768
Deferred tax liability	5,532,917	2,420,881

Note 28. Issued capital

	Consolidated			
	2019 Shares	**2018 Shares**	**2019 $**	**2018 $**
Ordinary shares - fully paid	41,577,260	26,766,945	30,180,567	25,567,380

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

At shareholders' meetings, each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

	2019 $	**2018 $**
Movements in shares on issue		
Balance at the beginning of the year	25,567,380	20,216,505
4,000 ordinary shares at $1.10 issued on 11 August 2017	-	4,400
372,150 ordinary shares at $1.58 on conversion of the convertible notes on 16 October 2017	-	587,997
87,500 ordinary shares at $1.20 issued on 14 November 2017	-	105,000
2,272,878 ordinary shares at $2.05 issued on 27 November 2017	-	4,659,400
42,000 ordinary shares at $1.10 issued on 22 February 2018	-	46,200
1,935,158 ordinary shares bought back at $2.05 on 6 August 2018	(3,967,074)	-
464,083 ordinary shares bought back at $1.56 on 6 August 2018	(724,825)	-
9,082,761 ordinary shares at $0.51 on 1 April 2019	4,632,208	-
1,783,145 ordinary shares at $0.51 on 11 April 2019	909,403	-
349,728 ordinary shares at $0.51 on 18 April 2019	178,361	-
5,993,922 ordinary shares issued at $0.60 on 12 June 2019	3,596,353	-
Share issue costs	(11,239)	(52,122)
Balance at the end of the year	30,180,567	25,567,380

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 30 June 2019, total share options outstanding was 24,585,517 (2018:26,121,678).

	2019 Options	**2018 Options**
Movements in options on issue		
Balance at the beginning of the year	26,121,678	23,982,300
Exercised on 10 August 2017	-	(4,000)
Exercised on 13 November 2017	-	(87,500)
Issued on 23 November 2017	-	2,272,878
Exercised on 21 February 2018	-	(42,000)
Exercised as part of a share buyback on 3 August 2018	(1,935,158)	-
Issued on 12 June 2019	398,997	-
	24,585,517	26,121,678

Note 28. Issued capital (continued)

	2019 Convertible notes	2018 Convertible notes
Movements in convertible notes on issue		
Balance at beginning of the year	2,227,850	2,600,000
372,150 ordinary shares issued on conversion of the convertible notes on 16 October 2017	-	(372,150)
	2,227,850	2,227,850

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.

Treasury shares
Treasury shares of $94,235 are included in Ordinary Share Capital.

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 a going concern.

Accounting policy for issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Note 29. Reserves

	Consolidated 2019 $	Consolidated 2018 $
Foreign currency reserve	(8,074)	(959)
Share-based payments reserve	212,595	212,595
Convertible debt reserve	219,075	219,075
Shareholder change in interest reserve	(6,556,308)	(10,617,126)
	(6,132,712)	(10,186,415)

Foreign currency reserve
The reserve is used to recognise exchange differences arising from the translation of the financial statements of a New Zealand subsidiary to Australian dollars.

Convertible note reserve
The convertible note reserve comprises the amount allocated to the equity component from the issue of the notes on 6 April 2017.

Share-based payments reserve
The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services. There were no additions to this reserve during the year (2018: $nil).

Shareholder change in interest reserve
The shareholder change in interest reserve arises from the transfer of interest when existing shareholders transfer equity between themselves without resulting in a change of control for consolidation purposes.

Note 30. Accumulated losses

	Consolidated	
	2019	2018
	$	$
Retained profits/(accumulated losses) at the beginning of the financial year	(8,822,131)	2,641,475
Loss after income tax benefit for the year	(3,703,851)	(11,463,606)
Accumulated losses at the end of the financial year	(12,525,982)	(8,822,131)

Note 31. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	2019	2018
	$	$
Loss after income tax benefit for the year	(5,854,609)	(17,065,746)
Adjustments for:		
Depreciation and amortisation	1,914,375	4,169,915
Write off of intangibles	-	4,853,781
Net loss/(gain) on disposal of non-current assets	(682,882)	11,204
Net fair value loss on financial assets	940,425	2,878,394
Foreign exchange differences	109,424	-
Impairment expense	2,263,026	2,825,145
Income tax expense	-	(4,907,704)
Bad debts	(121,575)	337,457
Bargain purchase goodwill	(465,063)	-
Other income	30,473	-
Finance costs	1,318,962	-
Prior year adjustments due to early adoption of accounting standards	(229,750)	-
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(428,126)	6,420,337
Increase in balances held with brokers	(4,676,297)	(3,414,108)
Decrease in inventory	-	2,528
Increase in deferred tax assets	(1,930,608)	-
Decrease/(increase) in prepayments	158,213	(158,334)
Decrease in financial assets at fair value	-	111,368
Increase in trade and other payables	351,924	914,065
Increase in provisions	(330,043)	(2,194,499)
Net cash used in operating activities	(7,632,131)	(5,216,197)