

Announcement

John Bridgeman Limited

ACN 603 477 185

JOHN.BRIDGEMAN

19 March 2019

Update on takeover offer for Henry Morgan Limited

John Bridgeman Limited (NSX: JBL) refers to previous announcements regarding its takeover offer for all of the shares in Henry Morgan Limited (ASX: HML).

As contemplated by the orders of the Takeovers Panel dated 8 February 2019 (as varied on 16 March 2019), JBL confirms that it has today lodged and served the attached replacement bidder's statement in relation to its off-market takeover bid for all of the shares in Henry Morgan Limited, with dispatch to occur by Friday 22 March 2019.

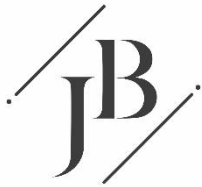
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Kevin Mischewski

Company Secretary

John Bridgeman Limited

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JOHN.BRIDGEMAN
LIMITED

REPLACEMENT BIDDER'S STATEMENT

OFFER BY JOHN BRIDGEMAN LIMITED

to acquire all of your shares in

HENRY MORGAN LIMITED

for

0.95 JBL Shares for each of your HML Shares

**HML SHAREHOLDERS SHOULD WAIT TO
RECEIVE A SUPPLEMENTARY TARGET'S
STATEMENT AND ACCOMPANYING
SUPPLEMENTARY INDEPENDENT EXPERT'S
REPORT BEFORE MAKING A DECISION TO
ACCEPT THE OFFER**

The Offer is dated 6 November 2018 and will close at 7.00pm (Sydney time) on 15 April 2019, unless extended.

Please call 1300 963 991 (or +61 1300 963 991 for overseas domiciled holders) if you require assistance with your acceptance

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR
IMMEDIATE ATTENTION**

**If you are in any doubt as to how to deal with it, you should
consult your legal, financial or other professional adviser as soon
as possible**

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Important notices

This replacement bidder's statement is given by John Bridgeman Limited ACN 603 477 185 (**JBL**) under part 6.5 Corporations Act and replaces the original bidder's statement dated 31 October 2018, first supplementary bidder's statement dated 22 November 2018 and second supplementary bidder's statement dated 18 February 2019 (**Bidder's Statement**) and sets out certain disclosures required by the Corporations Act together with the terms of the Offer to acquire your shares in Henry Morgan Limited ACN 602 041 770 (**HML**).

The Bidder's Statement incorporates additional disclosure which is required to be provided to HML Shareholders in accordance with orders of the Takeovers Panel dated 8 February 2019. Further information about such additional disclosure and those orders are set out at the conclusion of these notices.

This Bidder's Statement is dated 19 March 2019. It includes an Offer dated 6 November 2018 on the Offer Terms set out in Schedule 1.

You should read this Bidder's Statement in its entirety. A copy of this Bidder's Statement was lodged with ASIC, ASX and NSX on 19 March 2019. None of ASIC, ASX, NSX nor any of their officers takes any responsibility for the content of this Bidder's Statement.

Investment decisions

This Bidder's Statement does not take into consideration your individual investment objectives, financial situation or particular needs. You may wish to seek independent financial and taxation advice before deciding whether or not to accept the Offer for your HML Shares.

Forward looking statements

This Bidder's Statement contains certain forward looking statements and statements of current intention. The forward looking statements in this Bidder's Statement reflect views held at the date of this Bidder's Statement. Such statements are only predictions and are subject to inherent risks and uncertainties. The risks this Offer is subject to are discussed in detail under Section 9.

You should be aware that those statements involve inherent risks and uncertainties. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement and those deviations are both normal and to be expected.

None of JBL, its officers or any person named in this Bidder's Statement with their consent or involved in the preparation of this Bidder's Statement makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statements, except to the extent required by law. You should not place undue reliance on those statements. Matters as yet not known to JBL or not currently considered material by JBL may cause actual results or events to be materially different from those expressed, implied or projected in any forward looking statements. Any forward looking statement contained in this document is qualified by this cautionary statement.

Information regarding HML

The information contained in this Bidder's Statement on HML and HML Shares has been prepared by JBL using publicly available information.

To the extent that JBL does not have knowledge or access to the sources of this information in its capacity as investment manager of HML, JBL does not make any representation or warranty, express or implied, as to the accuracy or completeness of such information.

Further information relating to HML's business may be included in the Target's Statement, as supplemented by the third supplementary target's statement and accompanying supplementary independent expert's report, which HML must provide to its shareholders in response to this Bidder's Statement. HML Shareholders should wait to receive a copy of the third supplementary target's statement and accompanying supplementary independent expert's report before making a decision as to whether or not to accept the Offer.

Defined terms

A number of defined terms are used in this Bidder's Statement. Unless the contrary intention appears, the context requires otherwise or words are defined in Section 13.1 of this Bidder's Statement, words and phrases in this Bidder's Statement have the same meaning and interpretations as in the Corporations Act.

Privacy statement

JBL has collected your information from the register of HML Shareholders. The Corporations Act permits information to be made available to certain persons, including JBL. Your information may also be disclosed on a confidential basis to JBL's related bodies corporate and external service providers and may be required to be disclosed to regulators such as ASIC. You can contact us for details of information held by us about you.

Summary of this Bidder's Statement

Takeovers Panel proceedings

Applications to the Takeovers Panel (**Panel**) were made on 28 December 2018 by shareholders in HML (and Benjamin Hornigold Limited ACN 614 854 045 (**BHD**)).¹ The Panel subsequently made a declaration of unacceptable circumstances in relation to the affairs of each of HML and BHD on 25 January 2019 (**Declarations**) and correspondingly made final orders on 8 February 2019 (**Orders**).²

Copies of the Declarations and Orders are available to HML Shareholders through the ASX platform under the HML Code or the Panel's website www.takeovers.gov.au.

What are the Orders?

The commencement date of the Orders is 14 February 2019 (**Commencement Date**). The effect of the Orders include that:

- by the end of the fifth day after the Commencement Date, all acceptances received by JBL from HML Shareholders are cancelled;
- within five days of the Commencement Date, JBL must dispatch a supplementary bidder's statement to HML Shareholders which explains the effect of the Declaration and Orders (being JBL's second supplementary bidder's statement dated 18 February 2019);
- by no later than Friday 22 March 2019,³ JBL must dispatch to HML Shareholders:
 - a. this Bidder's Statement; or
 - b. a supplementary bidder's statement which states that the Offer is closed or has been cancelled in accordance with the Orders (which is no longer applicable);
- within 14 days of the dispatch of this Bidder's Statement, HML must dispatch to HML Shareholders:
 - a. a supplementary target's statement which discloses the recommendation of the Voting Directors following the Voting Directors' consideration of the Replacement Bidder's Statement and supplementary independent expert's report; and
 - b. a supplementary independent expert's report stating whether, as at the date of that report, the Offer is fair and reasonable following consideration of this Bidder's Statement, the repayment of the \$4.5 million loan given to JBL by BHD on or around 17 September 2018 (**JBL Loan**) and the cancellation of acceptances under the Offer.

The Orders also permit JBL to reintroduce any conditions to the Offer. JBL has elected not to reintroduce any conditions to the Offer.

What do the Orders mean for HML Shareholders?

If you have previously accepted the Offer, your acceptance of the Offer was cancelled on 19 February 2019.

This Bidder's Statement incorporates additional disclosure to be made to HML Shareholders, and includes the new Acceptance Form.

¹ The applicants in relation to both applications were Jonathan Allan Dixon, Ms Wendy Lynn Cowan, Mrs Susan Jean Dixon ATF Dixon Super Fund, GM Enterprises Australia Pty Ltd ATF GTM Super Fund and Inspired Asset Management Pty Ltd.

² As varied by the Panel on 16 March 2019.

³ The Orders originally provided that the date by which this was to occur was within 30 days after the Commencement Date. The date was subsequently varied by the Panel on 16 March 2019 to no later than Friday 22 March 2019.

HML Shareholders should carefully review this Bidder's Statement, in conjunction with the third supplementary target's statement and accompanying supplementary independent expert's report (once available), before making a decision as to whether or not to accept JBL's Offer.

If you do not wish to accept the Offer, you do not need to take any further action.

Even if you have previously accepted the Offer, your acceptance was cancelled in accordance with the Orders on 19 February 2019 and, unless you return a new completed Acceptance Form to JBL as attached to this Bidder's Statement, you are under no further obligations to JBL with respect to your HML Shares.

HML Shareholders who wish to accept the Offer may do so by returning a new completed Acceptance Form to JBL in accordance with the instructions contained in this Bidder's Statement.

Additional information in this Bidder's Statement

The Orders specified particular additional disclosure requirements of this Bidder's Statement. The table below sets out each requirement as specified in the Orders, and where HML Shareholders may find such additional information in this Bidder's Statement.

Additional information	New references in this Bidder's Statement
A covering statement that HML Shareholders should wait until they receive a supplementary target's statement and supplementary independent expert's report before deciding whether to accept the Offer	The front cover of this Bidder's Statement
A description of the various relationships and transactions between JBL, HML, BHD, Bartholomew Roberts Pty Limited, JB Financial Group Pty Ltd, JB Trading House Pty Ltd and their associates	Sections 4.2 and 4.3
The risk that HML Shareholders will receive materially less value if JBL obtains voting power of 50% or less in either or both HML and BHD	Section 9.5 in the paragraph titled 'Implementation Risks'. JBL notes that it has elected not to proceed with its acquisition of BHD (and refers to the additional information below). On that basis, the information in this Bidder's Statement includes further detail regarding the risk of HML Shareholders receiving materially less value if JBL obtains voting power of 50% or less in HML only.
The most recent financial statements of JBL and HML, which note the effect of the repayment of the JBL Loan	JBL's half year accounts for the period ended 31 December 2018 were released to the market on 14 March 2019. HML's half year accounts for the period ended 31 December 2018 were released to the market on 28 February 2019. Section 7 contains updated pro forma financial information on the basis of these accounts.
A prominent statement noting that the most recent audit opinions of JBL and JB Financial Group Pty Ltd refer to a material uncertainty regarding going concern	Section 4.5
Details of the financial effects of the JBL Loan (and its repayment), the extension of loans by BHD to JBL and JB Financial Group Pty Ltd and the extension of a loan by HML to JBL and how	Section 4.3

each of these transactions may impact upon HML Shareholders' decision to accept the Offer	
Acceptance forms that are identifiably different from the acceptance forms in the original bidder's statement dated 31 October (as supplemented by the first and second supplementary bidder's statements dated 22 November 2018 and 18 February 2019 respectively)	The Acceptance Form

JBL also sets out below additional information (which was not specifically required by the Orders) arising since the date of JBL's second supplementary bidder's statement (being 18 February 2019).

Acquisition of BHD

On 10 September 2018, JBL announced its intention to make offers for all of the issued shares and options in BHD (**BHD Offers**) and subsequently issued a bidder's statement dated 31 October 2018 (as supplemented by supplementary bidder's statements dated 22 November 2018 and 18 February 2019).

The BHD Offers were also the subject of the Panel proceedings, and the Panel made orders on terms substantially similar to the terms of the Orders set out above (as if references to HML were read as references to BHD), with an additional order that JBL repay the JBL Loan to BHD within 20 days of the Commencement Date (which JBL did on 6 March 2019).

On 5 March 2019, JBL announced that it had elected not to proceed with the BHD Offers. The BHD Offers have been cancelled, in accordance with the orders of the Panel, as JBL elected not to dispatch a replacement bidder's statement by 16 March 2019.

This Bidder's Statement accordingly includes financial information and disclosure on the basis that the BHD Offers are not proceeding.

Acquisition of JB Financial Group Pty Ltd

JBL has also elected not to proceed with its proposed acquisition of JB Financial Group Pty Ltd (although JBL maintains its investment of 7.64% of shares on issue in JB Financial Group Pty Ltd). The termination of the transaction was announced to the market on 4 March 2019.

This Bidder's Statement accordingly includes financial information and disclosure on the basis that the acquisition of JB Financial Group Pty Ltd is not proceeding.

How to accept

Acceptances for the Offer must be received before the close of the Offer Period.

There are different ways to accept the Offer depending on how you hold your HML Shares.

For CHESS Holdings

Instruct your stockbroker or other Controlling Participant to initiate acceptance of the Offer on your behalf in sufficient time for the Offer to be accepted before the end of the Offer Period.

For Issuer Sponsored Holdings

Complete and sign the enclosed Acceptance Form in accordance with the instructions on that form and within this Bidder's Statement and return it before the end of the Offer Period to:

BY HAND

Link Market Services Limited
Henry Morgan Limited (HML) Takeover
1A Homebush Bay Drive
Rhodes NSW 2138

BY MAIL (a reply paid envelope is enclosed)

Link Market Services Limited
Henry Morgan Limited (HML) Takeover
Locked Bag A14
Sydney South NSW 1235

Acceptance Form

The Acceptance Form which accompanies this Bidder's Statement forms part of the Offer. The requirements on the Acceptance Form must be observed in accepting the Offer for your HML Shares.

Enquiries

If you are in any doubt how to deal with this document, you should consult your Broker or your legal, financial or other professional adviser.

If you have any questions about the Offer or how to accept it, please call the shareholder information line on 1300 963 991 (or +61 1300 963 991 for overseas domiciled holders) between 9.00am and 5.00pm (Sydney time) Monday to Friday.

Offers to Foreign Shareholders

If you are a Foreign Shareholder, unless JBL otherwise determines that:

- (a) it is lawful and not unduly onerous and not unduly impracticable to make the Offer to you and to issue you with JBL Shares on acceptance of the Offer; and
- (b) it is not unlawful for you to accept the Offer by the law of the relevant place outside Australia, its external territories or New Zealand,

you will not be entitled to receive JBL Shares as consideration for your HML Shares.

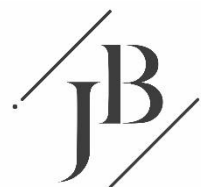
If you are a Foreign Shareholder in Singapore, please refer to Schedule 3.

If you are a Foreign Shareholder and you accept the Offer or your HML Shares are compulsorily acquired, you will receive the cash amount calculated under clause 5.3 of Schedule 1.

Further information about the entitlement of a Foreign Shareholder is set out in section 12.10.

Key Dates

Announcement Date	10 September 2018
Original bidder's statement lodged with ASIC	31 October 2018
Date of Offer	6 November 2018
First supplementary bidder's statement lodged with ASIC	22 November 2018
Target's statement lodged with ASIC	6 December 2018
Second supplementary bidder's statement lodged with ASIC	18 February 2019
First supplementary target's statement lodged with ASIC	19 February 2019
Second supplementary target's statement lodged with ASIC	7 March 2019
Bidder's Statement lodged with ASIC (being this replacement bidder's statement)	19 March 2019
Close of Offer Period (unless extended)	7.00pm (Sydney time) on 15 April 2019



JOHN BRIDGEMAN
LIMITED

Dear HML Shareholder

The John Bridgeman Limited Offer

On behalf of John Bridgeman Limited (**JBL**), we are pleased to present JBL's Offer to acquire all of your shares in Henry Morgan Limited (**HML**).

The Offer Consideration is 0.95 JBL Shares for each HML Share you own.

In terms of comparing the value of the Offer Consideration with the value of your HML Shares, the Board of JBL believes it would be inappropriate to, for example, undertake a comparison of each company's share price, or net asset value (**NAV**) or net tangible asset (**NTA**) position, because of the following:

- Trading in the securities of HML has been suspended for over 20 months, and JBL is currently thinly traded. Accordingly, a comparison of the most recent trading price or VWAP of trading in shares would not accurately reflect the value of each company's shares.
- HML is a listed investment company, whose value is largely determined by the investment assets it owns. In contrast, JBL is an operating company whose value is based on its earnings streams and future earnings potential. Accordingly, a comparison of the NAV or NTA position of the companies would not be a like-for-like comparison.

The half-year accounts for the period ending 31 December 2018 of each company provide the most up-to-date, auditor-reviewed financial information relevant to each entity and the JBL board recommends that you consider this information in making your decision in relation to the Offer.

You should also read this Bidder's Statement and HML's Target Statement (which will include an independent expert's report) carefully, and seek professional advice, if necessary, in order to make your own assessment of the Offer.

About JBL

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

JBL was established in January 2015 with the following objectives:

- to build a diversified investment management business growing funds under management over the medium to long term;
- to invest in listed and unlisted companies which JBL believes will provide opportunities for moderate to high investment returns over the medium to long term;
- to grow a diversified income stream uncorrelated to traditional equity market investments through management fees received from managing the investments of third parties, as well as returns from direct investment in listed and unlisted structures;
- to provide investors with exposure to global markets through JBL's own investments; and
- to provide a low cost management company where key personnel are rewarded with long term options linked to the share price of JBL to ensure the board, key management and shareholders' interests are all aligned.

Benefits of the Offer

The directors of JBL believe that a merger of HML and JBL would be in the interests of the shareholders of both companies.

In making this offer, JBL is providing all HML Shareholders with the opportunity to exit their positions in HML, which has been suspended from trading for more than 20 months since June 2017.

If this offer is successful, JBL will provide HML Shareholders with a choice about their future as a shareholder. HML Shareholders who accept the Offer will be given the opportunity to either:

- (a) remain a shareholder in JBL; or
- (b) sell their JBL Shares on market and exit their position.

The ability for HML Shareholders who accept the Offer and subsequently wish to sell their JBL Shares to do so is dependent on the market for JBL Shares. Further information on the trading history of JBL Shares is set out in section 4.8.

HML Shareholders should note that the level of liquidity on the NSX market has the potential to be lower than on larger, established markets. As a result, the number of investors willing to buy and sell securities quickly at any particular time is potentially less than other markets. For further details, refer to the paragraph titled 'Liquidity risk' in section 9.2.

We encourage you to read this Bidder's Statement for more details about the Offer and about JBL. If you have any questions on the Offer, please contact your legal, financial or other professional adviser or call the Shareholder information line on 1300 963 991 (or +61 1300 963 991 for overseas domiciled holders) on weekdays 9.00am and 5.00pm (Sydney time) or visit the JBL website at www.johnbridgeman.com.au.

Conditions of the Offer

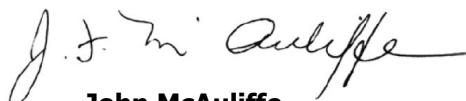
The Offer is unconditional. The terms of the Offer are set out in Schedule 1 to this Bidder's Statement.

We encourage you to read this Bidder's Statement for more details about the Offer and about JBL. The Offer is open for your acceptance until 7.00pm (Sydney time) on 15 April 2019, unless extended or withdrawn under the Corporations Act. If you wish to accept the Offer, please complete and return the enclosed Acceptance Form.

If you have any questions about the Offer, please contact your legal, financial or other professional adviser or call the shareholder information line on 1300 963 991 (or +61 1300 963 991 for overseas domiciled holders) on weekdays 9.00am and 5.00pm (Sydney time).

I look forward to your acceptance and welcoming you as a shareholder of John Bridgeman Limited.

Yours sincerely



John McAuliffe
Chairman

1 Why you should accept JBL's Offer

1.1 The Offer to HML Shareholders

The Offer Consideration is 0.95 JBL Shares for each HML Share you own.

In terms of comparing the value of the Offer Consideration with the value of your HML Shares, the Board of JBL believes it would be inappropriate to, for example, undertake a comparison of each company's share price, or NAV or NTA position, because of the following:

- Trading in the securities of HML has been suspended for over 20 months, and JBL is currently thinly traded. Accordingly, a comparison of the most recent trading price or VWAP of trading in shares would not accurately reflect the value of each company's shares.
- HML is a listed investment company, whose value is largely determined by the investment assets it owns. In contrast, JBL is an operating company whose value is based on its earnings streams and future earnings potential. Accordingly, a comparison of the NAV or NTA position of the companies would not be a like-for-like comparison.

The half-year accounts for the period ended 31 December 2018 of each company provide the most up-to-date, auditor-reviewed financial information relevant to each entity and the JBL board recommends that you consider this information in making your decision in relation to the Offer.

Shareholders should also read this Bidder's Statement and HML's Target Statement (which will include an independent expert's report) carefully, and seek professional advice, if necessary, in order to make their own assessment of the Offer.

The implied value of the Offer will fluctuate with the JBL share price. Accordingly, if the JBL share price falls, the value of the Offer will also fall. Likewise, if the JBL share price rises, the value of the Offer will rise.

1.2 You will have an on-going interest in the merged JBL and HML business⁴

The merging of the businesses may lead to⁵:

- increased market capitalisation and on-market liquidity;
- a stronger financial position of the merged entity, which may facilitate the payment of dividends to JBL shareholders in the future;⁶ and
- reduced governance and compliance costs.

1.3 A larger combined shareholder base and an increased market capitalisation which may provide increased liquidity for both JBL and HML shareholders

The merger of JBL and HML could result in an increased market capitalisation. This may provide increased liquidity for both JBL and HML shareholders.

⁴ Assumes JBL attains a 100% interest in HML. Where JBL attains less than a 50.1% interest in HML, HML Shareholders who elect to accept the Offer may receive materially less value – refer to section 9.3.

⁵ Realising synergies is a potential major benefit of merging JBL and HML, however, at the date of this Bidder's Statement, JBL is not able to reliably estimate the quantum or timing of potential synergies (or potential one-off costs which may need to be incurred in order for JBL to obtain such synergies) resulting from a merger with HML. Potential synergies may not be realisable unless JBL attains a 100% interest in HML.

⁶ HML Shareholders should be aware of the current financial position of JBL. A summary of this financial information is included in section 4.5 of this document. HML Shareholders should also review JBL's half-year audit reviewed accounts for the period ending 31 December 2018, which are annexed to this document, as well as the notes on material uncertainty regarding going concern, as summarised in section 4.5 of this document.

1.4 A choice about your future

The Offer provides HML Shareholders a choice about their future as a shareholder. Subject to the Offer being successful, HML Shareholders who accept the JBL Offer will be able to (subject to the available trading market for JBL Shares) exit their positions in HML, which has been suspended from trading since June 2017. Accepting HML Shareholders will then have the choice to either:

- (a) remain a shareholder in JBL; or
- (b) sell their JBL shareholdings on market and exit their position.

The ability for JBL Shareholders (including HML Shareholders who accept the Offer) to exit their position will be highly dependent on the available market for JBL Shares. Further information regarding JBL's trading history is set out in section 4.8. HML Shareholders should note that the level of liquidity on the NSX market has the potential to be lower than on larger, established markets. As a result, the number of investors willing to buy and sell securities quickly at any particular time is potentially less than other markets. For further details, refer to the paragraph titled 'Liquidity risk' in section 9.2.

1.5 Capital gains tax relief

Capital gains tax rollover relief may be available for HML Shareholders in respect of the JBL Shares that they receive under the Offer. This relief may be available where the Offer is accepted by HML Shareholders holding at least 80 percent of the HML Shares on issue. See section 10 for a discussion of the risk of HML Shareholders not obtaining capital gains tax rollover relief.

1.6 There is no brokerage on accepting the Offer

On acceptance of this Offer, you will exchange your HML Shares for JBL Shares without incurring brokerage fees. Any such costs will be borne by JBL.

If you choose not to accept the Offer, should you wish to exchange your HML Shares for JBL Shares, you may be required to sell your shares on market, and use the proceeds to purchase JBL Shares. You may ordinarily be required to pay brokerage fees on both the sale and the purchase of shares.

1.7 There may be adverse consequences associated with not accepting the Offer

If you choose not to accept the Offer, you should be aware that:

- (a) if JBL becomes entitled to compulsorily acquire your HML Shares, it intends to do so and if your HML Shares are compulsorily acquired, you will still receive the Offer Consideration for your HML Shares but at a later date than you would have received it if you had accepted the Offer; and
- (b) if JBL obtains 75 percent or more of HML Shares, it intends to seek removal of HML from the official list of ASX.

2 Frequently asked questions about the Offer

Question	Answer
Important Notice	The information set out in this Section is a summary of JBL's Offer and is qualified by the detailed information set out elsewhere in this Bidder's Statement. You should read the entire Bidder's Statement and the Target's Statement before deciding whether to accept the Offer.
Who is JBL?	John Bridgeman Limited (JBL) is a public company listed on the NSX. For more information about JBL, please see Section 4.
What is the Offer?	JBL is making an offer to acquire all your HML Shares. If you accept the Offer you will receive (subject to any withdrawal of the Offer under the Corporations Act) 0.95 JBL Shares for each HML Share you own.
How long is the Offer open for?	The Offer opened on 6 November 2018 and is scheduled to close at 7.00pm (Sydney time) on 15 April 2019 (unless extended).
What are the conditions of the Offer?	The Offer is not subject to any conditions.
Do I have to pay any fees?	No brokerage, charges or stamp duty will be payable by you on acceptance of the Offer. If you choose to sell your HML Shares on market (subject to the suspension in trading in HML shares being lifted), you may incur brokerage costs and GST on those costs.
What should I do?	To accept the Offer, you should: <ul style="list-style-type: none">(a) read this Bidder's Statement in full;(b) wait to receive and read HML's Target's Statement in full, including the third supplementary target's statement (when issued), which will include a supplementary independent expert report;(c) consult your Broker, financial or other professional adviser if you are in any doubt as to what action to take or how to accept the Offer; and(d) accept the Offer in the manner described in section 3. If you have any queries about the Offer, you may also call the shareholder information line on 1300 963 991 (or +61 1300 963 991 for overseas domiciled holders) between 9.00am and 5.00pm (Sydney time) Monday to Friday.

Question	Answer
How do I accept the Offer?	<p>The Offer may only be accepted for all of your HML Shares.</p> <p>The manner in which you accept the Offer depends on whether you hold your HML Shares in an Issuer Sponsored Holding, a CHESS Holding, or if you are a Broker or a Non-Broker Participant.</p> <p>Full details on how to accept the Offer are set out in section 3.</p> <p>For CHESS Holdings you should instruct your stockbroker or other Controlling Participant to initiate acceptance of the Offer on your behalf in sufficient time for the Offer to be accepted before the end of the Offer Period.</p> <p>For Issuer Sponsored Holdings you must complete, sign and return the Acceptance Form in accordance with the instructions on it. Return it to the address indicated on the form so that it is received before the end of the Offer Period. A reply paid envelope (not able to be used by HML Shareholders outside Australia) is enclosed for your convenience.</p>
	<p>Mailing and delivery addresses</p>
	<p>If you reside in Australia, you can use the reply paid envelope enclosed with this Bidder's Statement.</p>
	<p>The mailing address is:</p> <p>Link Market Services Limited Henry Morgan Limited (HML) Takeover Locked Bag A14 Sydney South NSW 1235</p>
	<p>Alternatively, you may deliver the Acceptance Form and any associated documents to:</p> <p>Link Market Services Limited Henry Morgan Limited (HML) Takeover 1A Homebush Bay Drive Rhodes NSW 2138</p>
If I accept the Offer, when will I receive consideration for my HML Shares?	<p>Provided that the necessary transfer documents accompany your Acceptance Form, and as the Offer is unconditional, you will be issued JBL Shares within one month of the date you accept the Offer.</p> <p>In any event, you will be issued JBL Shares within 21 days after the Offer closes (subject to any withdrawal of the Offer in accordance with the Corporations Act).</p>
What rights will my JBL Shares have?	<p>The JBL Shares issued under the Offer will be fully paid and will rank equally for dividends and other rights with existing JBL Shares.</p> <p>A detailed explanation of the rights and liabilities attaching to JBL Shares is set out in section 12.3.</p>
Will my JBL Shares be listed on NSX?	<p>Quotation of the JBL Shares to be issued under the Offer will not be automatic but will depend on NSX exercising its discretion to admit the new JBL Shares to the official list.</p> <p>However, JBL is already admitted to the official list of NSX and shares in JBL in the same class or on the same terms as those to be issued under the Offer have previously been quoted.</p>

Question	Answer
What happens if I accept the Offer?	<p>If you accept the Offer, you will be issued JBL Shares within the time specified above (unless the Offer is withdrawn under the Corporations Act).</p> <p>Once you accept the Offer you will not be able to sell your HML Shares on market or otherwise deal with the Rights attaching to your HML Shares.</p>
What happens if I do not accept the Offer?	<p>If you do not accept the Offer, you will remain a HML Shareholder and will not be issued JBL Shares.</p> <p>However, if JBL becomes entitled to compulsory acquire your HML Shares, it intends to do so. If this occurs, you will still receive JBL Shares for your HML Shares but at a later date than you would have received it if you had accepted the Offer.</p> <p>If JBL acquires 90 percent or more of the HML Shares and is entitled to proceed to compulsory acquisition of the outstanding HML Shares and elects to do so, JBL intends to amend the constitution of HML and seek to delist HML.</p> <p>If JBL acquires more than 50%, but less than 90% of HML, and gains effective control of HML, JBL would have control of a voting majority in HML and would be in a position to control the composition of HML's board.</p> <p>In such a situation, it is JBL's current intention to reduce the number of directors of HML to three. JBL has not currently determined the identity of those directors and would do so at the relevant time.</p> <p>If JBL acquires 75% or more of HML Shares it intends to seek removal of HML from ASX. To the extent that HML is not a wholly owned subsidiary of JBL and there are minority shareholders of HML, JBL intends to ensure that any JBL nominees appointed to the board of HML act at all times in accordance with their fiduciary duties and that all requisite shareholder approvals and other legal requirements are complied with. Except for the changes and intentions set out in section 8 of this document, JBL currently intends to continue the existing business of HML (which may change as new information becomes available or circumstances change).</p>
What are the tax implications of accepting the Offer?	<p>A general description of the taxation treatment for certain Australian resident HML Shareholders accepting the Offer is set out in section 10.</p> <p>You should not rely on that description as advice for your own affairs.</p> <p>You should consult your taxation adviser for detailed taxation advice before making a decision as to whether or not to accept the Offer for your HML Shares.</p> <p>HML Shareholders should be aware that if JBL does not acquire ownership of 80 percent of HML Shares, then rollover relief will not be available to HML Shareholders for the portion of the capital gain that is made from the receipt of JBL Shares as consideration.</p>

Question	Answer
What are the significant risks of the Offer?	<p>You should carefully consider the risk factors that could affect the performance of JBL and the Merged Group before deciding whether to accept the Offer. Many of these risks are outside the control of JBL and its Directors, and cannot be mitigated. A summary of the key risks is set out below and in set out in further detail in section 9.</p>
What are the specific risks associated with an investment in JBL?	<p>Specific risks associated with an investment in JBL are:</p> <ul style="list-style-type: none"> (a) JBL may be unable to achieve its objectives as investment manager of the entities for which it acts in this capacity; (b) JBL is dependent upon the talent and experience of its key personnel and may be negatively impacted if such people leave; (c) the level of liquidity of JBL Shares on the NSX market may be lower than on other, larger and more established markets; (d) a fall in equity markets, bond markets or a lack of change in the Australian dollar against other currencies may discourage the movement of money into or out of equity markets and adversely impact the value of JBL's assets; (e) risks associated with using derivatives for investment, hedging, leverage and investment implementation and exit purposes; (f) risks associated with taking short futures positions; (g) dependence by JBL upon its investment management agreements; (h) dependence by JBL upon the performance and management fees generated by JBL as an investment manager; (i) JBL's ability to achieve its performance objectives, produce returns that are positive or compare favourably against its peers; (j) JBL's current investment portfolio is heavily focussed on investments in unlisted companies which may mean that achieving a return on investment is more difficult than in larger capitalised or listed companies. For example, JBL's investment in JB Financial Group constitutes approximately 40% of JBL's investment portfolio; (k) concentration risk may mean that poor performance in a specific market may significantly affect JBL. In addition, JBL's investments concentrate risk on the financial services industry; (l) JBL has an investment of approximately \$14 million in Bartholomew Roberts Pty Ltd, which is invested in the retail food industry. Risks associated with this industry include concentration risk, property risk, market disruptors (in particular in the form of delivery aggregators) and competition, rising inflationary costs, labour and electricity costs, and funding risks; (m) overseas investments of JBL are subject to exchange rate volatility which may reduce the value of JBL's assets; (n) entities upon which JBL's investments depend may default on their obligations to JBL; (o) governments or regulators may pass laws, create policy or implement regulation that affects JBL or its assets;

Question	Answer
	<p>(p) JBL's investments may be difficult or impossible to sell;</p> <p>(q) changes in the prices of future positions held by JBL may result in loss of principal or large movements in JBL's share price within short or long periods of time;</p> <p>(r) leverage risk may mean that gains and losses may be significantly greater than those in a company that is not leveraged;</p> <p>(s) JBL's investment approach is based upon the experience of the investment manager and research into data and mathematical models that attempt to forecast returns, risk, correlation and transaction costs, which may mean that the investment system implemented by JBL may not generate profitable trading signals;</p> <p>(t) JBL may be exposed to certain risks in respect of collateral delivered to counterparties in respect of derivatives arrangements;</p> <p>(u) JBL may not be undertake its investment activities if it ceases to be an authorised representative of JB Markets Pty Ltd (AFSL No. 323182); and</p> <p>(v) the most recent audit opinions of JBL and JB Financial Group refer to a material uncertainty regarding going concern.</p> <p>These risks are described in further detail in section 9.2.</p> <p>Specific transaction risks associated with the Offer are:</p> <p>(a) the consideration under the Offer is new JBL Shares and accordingly:</p> <p>(i) the value of the consideration may fluctuate depending on the value of the JBL Shares from time to time;</p> <p>(ii) there may be an adverse impact on the market price of JBL Shares, should JBL Shareholders or current HML Shareholders who accept the Offer seek to sell JBL Shares on market; and</p> <p>(iii) the value of JBL Shares at the date of their issue to HML Shareholders may vary from their value on the date of acceptance of the Offer;</p> <p>(b) it is possible that JBL may not acquire all HML Shares under the Offer;</p> <p>(c) where JBL obtains voting power of less than 50% in HML, HML Shareholders may receive materially less value than if JBL obtains voting power of more than 50% in HML;</p> <p>(d) JBL may not receive sufficient acceptances under the Offer for CGT rollover relief to be available to HML Shareholders; and</p> <p>(e) as the consideration payable under the Offer consists of JBL Shares, the interests of JBL Shareholders (including HML Shareholders who accept the Offer) will be diluted to some degree.</p> <p>These risks are described in further detail in section 9.3.</p>

Question	Answer
What are the risks associated with HML?	<p data-bbox="624 235 1187 262">Specific business risks associated with HML are:</p> <ul style="list-style-type: none"> <li data-bbox="624 282 1401 342">(a) HML is a listed investment company, whose operations and financial performance is driven by a number of factors; <li data-bbox="624 353 1374 414">(b) HML's underlying portfolio investments may not be easily sold; <li data-bbox="624 425 1428 521">(c) trading in HML has been suspended from the ASX for over 20 months and there can be no assurance of a future market for securities in HML; <li data-bbox="624 533 1409 593">(d) investment returns are influenced by general market factors and by factors specific to each security; <li data-bbox="624 604 1385 728">(e) 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 the value of HML's portfolio; and <li data-bbox="624 739 1412 862">(f) use of derivatives may have a negative impact on HML's portfolio due to an adverse movement in the underlying asset or where the position is difficult or costly to reverse or maintain. <p data-bbox="624 882 1289 909">These risks are described in further detail in section 9.4.</p>
What are the risks associated with the Merged Group?	<p data-bbox="624 947 1422 1104">There is also a risk that JBL will obtain between 50.1% and 90% of HML, in which case JBL will not be entitled to compulsorily acquire the remaining HML Shares (at that time, although it may in future become entitled to do so). In such a scenario, JBL will have effective control of HML, including:</p> <ul style="list-style-type: none"> <li data-bbox="624 1124 1378 1184">(a) a voting majority (and the ability to block any special and ordinary resolution); <li data-bbox="624 1196 1374 1223">(b) the ability to implement changes to the directors of HML. <p data-bbox="624 1243 1428 1496">HML Shareholders may also receive materially less value if JBL only obtains voting power of 50.1% or less in HML. In those circumstances, JBL's interest in HML may then be recognised as an equity investment of JBL for accounting purposes and may not form part of the consolidated group for the purposes of JBL's accounts. In contrast, if JBL obtained voting power of more than 50% in HML, HML would be regarded as being controlled by JBL and therefore would be consolidated into JBL's accounts.</p> <p data-bbox="624 1516 1374 1610">HML Shareholders who accept the Offer (and will be issued JBL Shares) should also be aware that the JBL Share price may fluctuate subject to general market factors.</p> <p data-bbox="624 1630 1417 1691">Further detail regarding this risk and JBL's intentions depending on the outcome of the Offer are set out in sections 8.3 and 9.5.</p>

3 How to accept the Offer

3.1 Issuer Sponsored Holdings

If you hold your HML Shares in an Issuer Sponsored Holding, you will need to complete, sign and return the Acceptance Form accompanying this Bidder's Statement in accordance with the instructions on that form and deliver it or send it by post so that it is received by JBL's share registry before the end of the Offer Period. A reply paid envelope (for use within Australia only) is enclosed with this Bidder's Statement.

3.2 CHESS Holdings

If you hold your HML Shares in a CHESS Holding:

- (a) instruct your Controlling Participant (for example, your Broker) to initiate acceptance of the Offer on your behalf under Rule 14.14 of the ASX Settlement Operating Rules;
- (b) complete, sign and send the Acceptance Form accompanying this Bidder's Statement directly to your stockbroker or Controlling Participant; or
- (c) complete, sign and return the Acceptance Form in accordance with the instructions on it so that JBL is authorised to instruct your Controlling Participant to initiate acceptance of the Offer on your behalf;

before the end of the Offer Period.

A reply paid envelope (for use within Australia only) is enclosed for your convenience.

3.3 Brokers or Non-Broker Participants

If you are a Broker or a Non-Broker Participant, you will need to initiate acceptance of the Offer under the requirements of the ASX Settlement Operating Rules before the end of the Offer Period.

4 Profile of JBL

4.1 Overview

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

JBL was established in January 2015 with the following objectives:

- to build a diversified investment management business growing funds under management over the medium to long term;
- to invest in listed and unlisted companies which JBL believes will provide opportunities for moderate to high investment returns over the medium to long term;
- to grow a diversified income stream uncorrelated to traditional equity market investments through management fees received from managing the investments of third parties, as well as returns from direct investment in listed and unlisted structures;
- to provide investors with exposure to global markets through JBL's own investments; and
- to provide a low cost management company where key personnel are rewarded with long term options linked to the share price of JBL to ensure the board, key management and shareholders' interests are all aligned.

4.2 Relationships

JBL is engaged as investment manager for HML, Bartholomew Roberts Pty Ltd (an unlisted private equity vehicle) (**Bartholomew Roberts**), BHD, and the JB High Alpha Fund.

Investment management agreements

HML

Under the terms of its management services agreement with HML, JBL is required to provide various services, including investment management, performance reporting, promotion, and investor relationship services. It also manages the provision of office, corporate support and IT services, and may provide financial accounting and company secretarial services.

Under the agreement, JBL is entitled to receive management fees of 2% per annum plus GST calculated and paid monthly in arrears based on the NTA of HML on the last day of the month in which the monthly instalment of the management fee is paid. Performance fees of 23% of the investment return, represented by an increase in NTA (subject to adjustments) at the end of the last day of the relevant quarter, are also payable. The payment of a performance fee in any quarter is subject to HML achieving a high water market hurdle (that is, the NTA of HML on the last business day of the quarter must exceed the previous highest NTA achieved by HML).

The initial term of the agreement is five years. The agreement may be terminated if, among other things, either party ceases to carry on business or enters into liquidation, or upon the material and substantial breach by JBL which is not remedied following notice. JBL may terminate the agreement by three months written notice.

After the initial term of five years, HML shareholders may resolve to terminate the agreement. Termination fees are payable in the event of early termination equivalent to 5% of the NTA multiplied by the number of shares on issue as at the termination date. This percentage will be reduced on a pro rata basis in the accordance with the length of time served under the agreement.

Bartholomew Roberts

JBL provides similar services to those noted above under the terms of its management services agreement with Bartholomew Roberts. Under that agreement, JBL is paid a management fee of 2% per annum plus GST calculated and paid monthly in arrears based on the NTA of Bartholomew Roberts, and a quarterly performance fee of 23% of the investment return at the end of the relevant quarter.

The initial term of the agreement is five years. The agreement may be terminated if, among other things, either party ceases to carry on business or enters into liquidation, or upon the material and substantial breach by JBL which is not remedied following notice. JBL may terminate the agreement by three months written notice.

After the initial term of five years, Bartholomew Roberts shareholders may resolve to terminate the agreement. Termination fees are payable in the event of early termination equivalent to 5% of the NTA multiplied by the number of shares on issue as at the termination date. This percentage will be reduced on a pro rata basis in the accordance with the length of time served under the agreement.

BHD

JBL provides similar services to those noted above under the terms of its management services agreement with BHD. Under that agreement, JBL is paid a management fee of 3% per annum plus GST calculated and paid monthly in arrears based on the NTA of BHD, and a quarterly performance fee of 27% of the investment return at the end of the relevant quarter.

The initial term of the agreement is five years. The agreement may be terminated if, among other things, either party ceases to carry on business or enters into liquidation, or upon the material and substantial breach by JBL which is not remedied following notice. JBL may terminate the agreement by three months written notice.

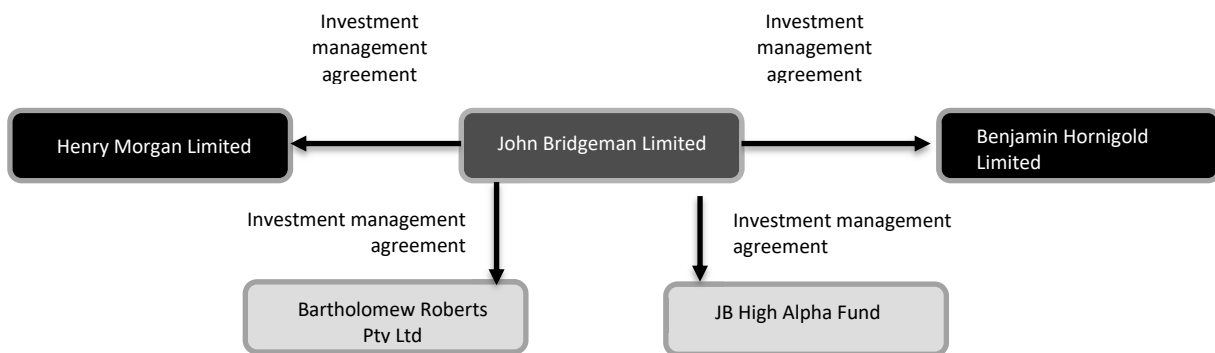
After the initial term of five years, BHD shareholders may resolve to terminate the agreement. Termination fees are payable in the event of early termination equivalent to 5% of the NTA multiplied by the number of shares on issue as at the termination date. This percentage will be reduced on a pro rata basis in the accordance with the length of time served under the agreement.

JB High Alpha Fund

Under its investment management agreement in respect of the JB High Alpha Fund (**Fund**), a wholesale managed investment scheme, JBL must invest and manage the portfolio of the Fund, maintain records, provide reports, and liaise with the custodian of the Fund. In consideration for these services, JBL is paid management fees of 2% per annum plus GST on the value of the portfolio, being the average funds under management of the portfolio over the month for which the fee is calculated. Performance fees are payable quarterly in arrears, equivalent to 23% of the investment return at the end of the relevant quarter.

The term of the agreement is five years. It may be terminated on 5 business days written notice by the trustee of the Fund, or 20 business days notice by JBL as investment manager. It may also be terminated if a receiver is appointed, JBL goes into liquidation or ceases to carry on business, or breaches a material term of the agreement and does not correct it following notice.

A diagram which summarises these agreements is included on the following page:



Shareholding interests

JBL holds the following direct interests in each of the above entities:

- 9.78% in HML;
- 51.71% in Bartholomew Roberts; and
- 0.19% in BHD (and 5.54% of BHD options).

The above shareholding percentages refer to the direct shareholdings held by JBL in those companies. This is different from the concept of a 'Relevant Interest' for the purposes of the Corporations Act.⁷ A summary of the Relevant Interests held by various parties is set out below.

HML holds 30.12% of Bartholomew Roberts.

JBL, HML and Bartholomew Roberts hold 7.64%, 19.87% and 32.86% respectively of the shares in JB Financial Group. JB Financial Group has a number of subsidiaries operating across several business divisions in the financial services industry, including JB Trading House Pty Ltd (**JB Trading**). JB Trading is the parent company of the trading and broking division and holds all of the shares in three trading firms as well as a proprietary trading house called Genesis Proprietary Trading Pty Ltd (**Genesis**).

The directors of JBL (both directly and indirectly through their associated entities) have the following shareholding interests in JBL:

- Stuart McAuliffe holds 22.78%;
- Ross Patane holds 0.36%
- John McAuliffe holds 3.68%.

The directors of HML (both directly and indirectly through their associated entities) have the following shareholding interests in HML:

- Stuart McAuliffe holds 1.28%;
- Ross Patane holds 0.05%;
- John McAuliffe holds 5.56%;
- Peter Ziegler holds no shares; and
- Vanessa Gunner holds no shares.

The Board of BHD comprises three directors, one of whom is Peter Aardoom, who is also a director of JB Financial Group.

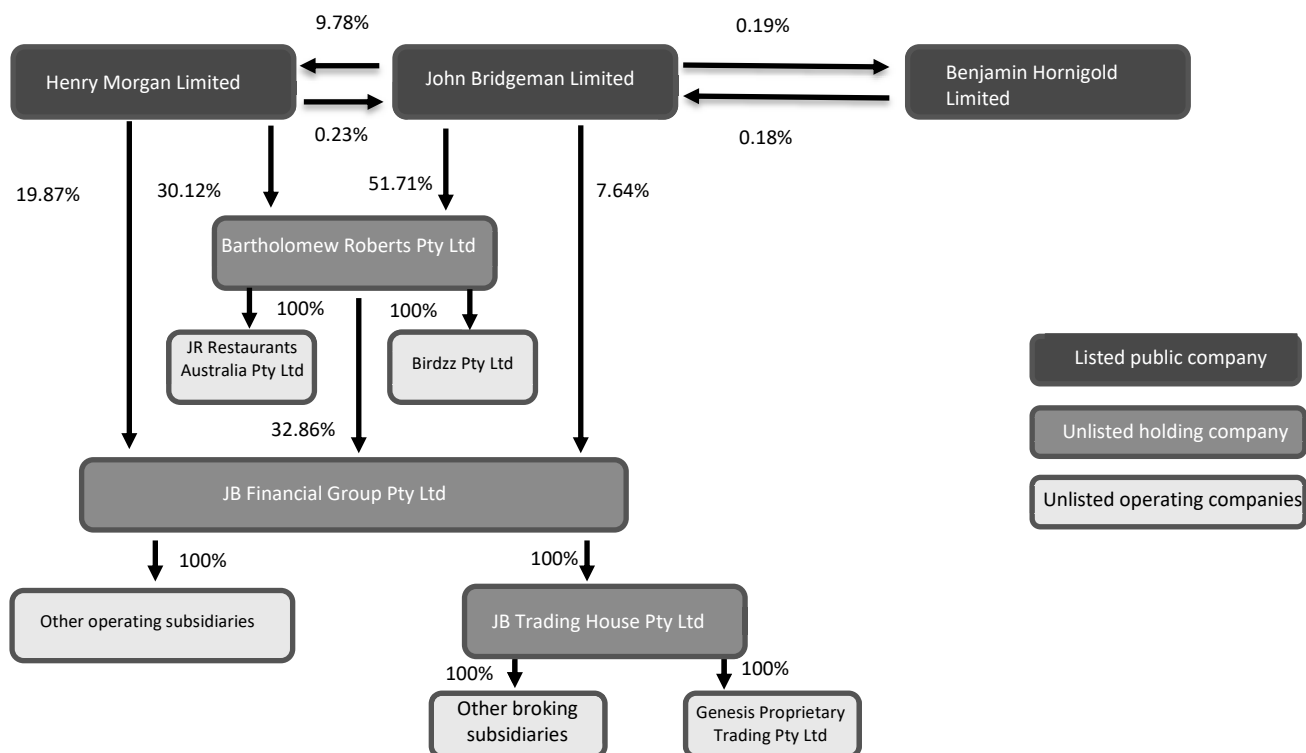
The directors of BHD (both directly and indirectly through their associated entities) have the following shareholding interests in BHD:

- Stuart McAuliffe holds 0.004%;
- Peter Aardoom holds 0.02%; and
- Bryan Cook holds 0.03%.

⁷ As set out in section 608 Corporations Act and further described in ASIC Regulatory Guide 5 'Relevant interests and substantial holding notices'.

Stuart McAuliffe is the Managing Director of JBL, HML, BHD and Bartholomew Roberts. He is also the Group CEO of JB Financial Group.

A summary of the various share interests held between JBL, HML, Bartholomew Roberts Pty Ltd, BHD and various operating entities is included below.



Relevant interests

As at the date of this Bidder's Statement, JBL had a Relevant Interest (as that term is defined in the Corporations Act) in 3,579,811 HML Shares, representing voting power in HML of approximately 11.07%. This is determined by taking into consideration the following interests:

Registered holder of securities	No. of shares held
John Bridgeman Limited	3,165,083
Henry Avery Partners Pty Ltd	351,826
Stuart McAuliffe	62,902
Total shares	3,579,811
Voting power percentage	11.07%

As at the date of this Bidder's Statement, JBL had a Relevant Interest (as that term is defined in the Corporations Act) in 46,359 BHD Shares, representing voting power in BHD of approximately 0.19%. This is determined by taking into consideration the following interests:

Registered holder of securities	No. of shares held
John Bridgeman Limited	45,359
Stuart McAuliffe	1,000
Total shares	46,359
Voting power percentage	0.19%

As at the date of this Bidder's Statement, JBL had a Relevant Interest (as that term is defined in the Corporations Act) in 2,744,437 Bartholomew Roberts Shares, representing voting power in Bartholomew Roberts of approximately 55.20%. This is determined by taking into consideration the following interests:

Registered holder of securities	No. of shares held
John Bridgeman Limited	2,570,827
Stuart McAuliffe	173,610
Total shares	2,744,437
Voting power percentage	55.20%

As at the date of this Bidder's Statement, JBL had a Relevant Interest (as that term is defined in the Corporations Act) in 13,300,494 JB Financial Group Shares, representing voting power in JB Financial Group of approximately 49.41%. This is determined by taking into consideration the following interests:

Registered holder of securities	No. of shares held
John Bridgeman Limited	2,055,413
Henry Avery Partners Pty Ltd	2,400,000
Bartholomew Roberts Pty Ltd	8,845,081
Total shares	13,300,494
Voting power percentage	49.41%

Directorships

Set out below is a summary of the each of the directors of the above companies, together with information regarding their employment and shareholdings in each company.

Individual	Shareholding	Employment/Directorship
John Bridgeman Limited		
Stuart McAuliffe	22.78%	Managing Director since January 2015 (executive)
John McAuliffe	3.68%	Non-executive Chairman since March 2015

Individual	Shareholding	Employment/Directorship
John Bridgeman Limited		
Ross Patane	0.36%	Non-executive director since March 2015

The material terms of the employment or consultancy agreements with the directors of JBL (as applicable) are as follows:

Term	No fixed term
Remuneration	<p>A maximum of \$450,000 is available as part of the aggregate directors' fee pool to be divided up and applied as fees for all non-executive directors sitting on the JBL Board for their services. For each non-executive director, their director's fees are 100% of their remuneration.</p> <p>As Managing Director, Stuart McAuliffe is the only executive director of JBL. He may receive non-monetary benefits associated with his employment. As noted in JBL's annual report for the year ended 30 June 2018, Stuart McAuliffe received \$154,702 worth of non-monetary short-term benefits during that financial year.</p>
Performance conditions	There are no performance conditions linked to the remuneration of directors.

Individual	Shareholding	Employment/Directorship
Henry Morgan Limited		
Stuart McAuliffe	1.28%	Managing Director since September 2014 (executive)
John McAuliffe	5.56%	Non-executive Chairman since October 2015
Ross Patane	0.05%	Non-executive director since March 2016
Peter Ziegler	Nil	Non-executive director since July 2017
Vanessa Gunner	Nil	Non-executive director since May 2017

Individual	Shareholding	Employment/Directorship
Benjamin Hornigold Limited		
Stuart McAuliffe	0.004%	Managing Director since October 2018 (executive). Previously Executive Chairman (from February 2017)
Peter Aardoom	0.02%	Non-executive director since February 2017
Bryan Cook	0.03%	Non-executive director since September 2017

Ross Patane (who is not a director of BHD) holds 0.02% of shares in BHD.

Individual	Shareholding	Employment/Directorship
Bartholomew Roberts Pty Ltd		
Stuart McAuliffe	3.49%	Managing Director since April 2016
John McAuliffe	Nil	Non-executive Chairman since April 2016
Ross Patane	Nil	Non-executive director since April 2016

Individual	Shareholding	Employment/Directorship
JB Financial Group Pty Ltd		
Peter Aardoom	Nil	Non-executive director since July 2016
Sam Elderfield	2.23%	Executive Director since September 2017
Michael Martin	0.06%	Non-executive director since July 2016

Stuart McAuliffe (who is not a director of JB Financial Group) holds 8.92% of JB Financial Group. He was previously a director of the company from December 2016 to February 2018.

Sam Elderfield is employed as CFO of John Bridgeman Limited. He holds 1.53% of JBL, 1.21% of Bartholomew Roberts, 1.77% of HML and 2.23% of JB Financial Group.

Michael Martin is an employee of JBL. He holds 0.08% of JBL, 0.02% of BHD, 0.06% of JB Financial Group and 0.4% of Bartholomew Roberts.

Peter Aardoom is an employee of JB Markets Pty Ltd. He holds 3.29% of JBL and 0.02% of BHD.

Substantial shareholders

Details regarding the substantial shareholders of John Bridgeman Limited are set out in section 5.2.

Set out below is a summary of the interests of those substantial shareholders in each of HML, BHD, BRL and JB Financial:

JBL substantial holder	JBL	HML	BHD	BRL	JB Financial
Stuart McAuliffe	Shareholder of JBL	Shareholder of HML (0.19%)	Shareholder of BHD (0.004%)	Shareholder of BRL (3.49%)	-
Stuart Capital Pty Ltd	Shareholder of JBL	Shareholder of HML (12.43%)	-	Shareholder of BRL (10.06%)	Shareholder of JB Financial (8.79%)
Jan Holmes	Shareholder of JBL	-	-	Shareholder of BRL (3.02%)	Shareholder of JB Financial (0.34%)
Henry Avery Partners Pty Ltd*	Shareholder of JBL	Shareholder of HML (1.09%)	-	-	Shareholder of JB Financial (8.92%)

JBL substantial holder	JBL	HML	BHD	BRL	JB Financial
John Hawkins Pty Ltd*	Shareholder of JBL	-	-	-	-

* These companies are investment companies of Stuart McAuliffe.

4.3 Significant transactions

JB Trading transaction

On 6 June 2018, BHD announced that its board had approved, in principle, the entry into an exclusive trading arrangement with JB Trading, with JB Trading issuing to BHD a \$13.5 million convertible note as consideration for entering into the exclusive trading arrangement (**JB Trading Transaction**). No cash consideration was to be provided by BHD for the issue of the convertible note. BHD proceeded on the basis of legal advice that shareholder approval was not required to proceed with the transaction and formal transaction documents were negotiated and executed.

On the basis that the JB Trading Transaction was being implemented, on 30 June 2018, John Bridgeman issued a tax invoice in accordance with its management agreement with BHD for approximately \$4.17 million (excluding GST) in performance fees, which included performance fees based on the impact of the issue of convertible notes under the JB Trading Transaction on BHD's net tangible assets.

Subsequently, the ASX exercised its discretion under the ASX Listing Rules to require BHD to obtain shareholder approval for the JB Trading Transaction. Meeting material and an independent expert's report was prepared and submitted to the ASX by BHD, which concluded that the transaction was fair and reasonable to non-associated shareholders. BHD subsequently announced that ASX had not approved the release of the meeting material, and due to timing deadlines under the transaction documentation, the JB Trading Transaction was ultimately terminated. The performance fees which had been paid to JBL on the basis of that transaction therefore became refundable to BHD.

Debt and equity transactions

Stuart McAuliffe, who is the Managing Director of JBL, agreed to lend JBL up to \$2.5 million under a loan agreement dated 30 July 2018, at an interest rate of 7.25% per annum. On 6 September 2018, the interest rate was reduced to 5% per annum and the term was extended to 30 March 2020. This facility is unsecured. As at the date of this Bidder's Statement, the facility has not been fully drawn down. JBL drew down \$1 million under the facility for working capital during the half-year ending 31 December 2018, of which \$250,000 is currently outstanding. The facility is available for draw down by JBL for working capital purposes (should it be required).

Stuart McAuliffe's shareholding in JBL is set out above in section 4.2.

Stuart McAuliffe is also a director of HML and BHD and his shareholdings in each of HML and BHD are also set out in section 4.2.

On 3 August 2018, 536,585 fully paid ordinary shares in JBL held by BHD were bought back by JBL for approximately \$1.1 million and 1,398,573 fully paid ordinary shares in JBL held by HML were also bought back by JBL for approximately \$2.8 million. JBL had agreed to buy back these shares following a decision by the ASX to require each of BHD and HML to 'cancel' their involvement in a JBL placement. The companies approached JBL to assist them to comply with this direction. JBL agreed to buy back the relevant securities at the same price at which they were placed with HML and BHD.

In light of the fact that the buy back of the securities from the respective entities was unexpected, HML and BHD agreed to extend a loan arrangement with JBL for payment of the consideration. Accordingly, on 8 August 2018:

- BHD made an unsecured loan of \$1,134,000 to JBL for a term of one year at 11.5% interest per annum (**BHD Loan**); and
- HML made an unsecured loan of \$2,411,000 to JBL for a term of one year at 11.5% interest per annum (**HML Loan**).

JBL believes it will be able to generate income from its general business activities and investments which will enable it to repay these loans in the ordinary course.

On 5 September 2018, the boards of BHD and HML each considered confidential non-binding letters of intent from JBL for the proposed acquisition of all of the issued share capital in BHD and HML respectively. The boards of BHD and HML each appointed an independent sub-committee of directors to consider the applicable offer by JBL.

On 9 September 2018, the sub-committee of the BHD board approved the entry into a bid implementation agreement with JBL. On 10 September 2018, the sub-committee of the HML board approved the entry into a bid implementation agreement with JBL.

On 17 September 2018, the board of BHD agreed to amend the terms of a \$2.3 million convertible loan to JB Financial Group which was originally entered into in September 2017, the effect of which was to extend the expiry date from 10 September 2018 to 11 March 2020 (**JBFG Extension**).

On 17 September 2018, the board of BHD agreed that in respect of the refundable performance fees referred to above, \$4.5 million would be repaid over 18 months, with an interest rate of 11.50% per annum being payable on the amount outstanding (**JBL Loan**). No security was required by BHD. This amount has now been repaid to BHD by JBL (further detail of which is set out below).

On 16 October 2018:

- the BHD board extended the BHD Loan for six months (**BHD Extension**); and
- the HML board extended the HML Loan for six months (**HML Extension**).

On 30 November 2018 and as announced to the market, JB Financial Group entered into a \$7 million secured loan facility with Partners for Growth, a US based growth fund.

Under this facility, Partners for Growth holds general security over the assets of JB Financial Group and its subsidiaries, excluding certain assets. An annual interest rate of 10.5% per annum applies over a term of 48 months. For a period of seven years, the lender has the option to purchase 1.00-1.50% of the ordinary shares of JB Financial at a fixed price. It may then choose to either put those shares to JB Financial to repurchase in certain circumstances, or hold the shares on an ongoing basis.

Following establishment of the facility, funds were applied as follows:

- payment of approximately \$375,000 in facility fees and interest repayments;
- investment in approximately \$5,430,000 on foreign exchange banknotes, which were callable on request; and
- payment of approximately \$600,000 in tax, working capital expenses and consultancy / professional advisory fees.

As at 31 December 2018, approximately \$600,000 was held as cash at bank.

Subsequently, and as further described below, JB Financial Group advanced funds to JBL which were used for the repayment of the JBL Loan, and there was a corresponding reduction in the amount applied to investment in foreign exchange banknotes.

In December 2018, BHD provided a loan \$800,000 to Genesis Proprietary Trading Pty Ltd (**Genesis**), of which JB Financial is the ultimate holding company. These funds are used for trading by Genesis as a proprietary trading desk.

JBL subsequently entered into an unsecured facility with JB Financial Group for up to \$7 million (**JBFG Facility**). JBL drew down \$4.5 million of the JBFG Facility on 6 March 2019, which was used to repay the amount owing to BHD by JBL. The balance funds under this facility are available for working capital or any other purpose agreed between the parties.

Financial effect of transactions

A number of transactions entered into between JBL, HML, BHD and JB Financial Group may be relevant to a HML Shareholder's decision as to whether or not to accept the Offer. These transactions include:

- the JBL Loan, which has now been repaid;
- the BHD Loan and BHD Extension;
- the HML Loan and HML Extension;
- the JBFG Extension; and
- the JBFG Facility.

A summary of the financial effect of these transactions and how those transactions may impact upon the decision of a HML Shareholder as to whether or not to accept the Offer is set out in the table below.

Transaction	Financial effect	Impact
JBL Loan	<p>The financial effect of the JBL Loan was to defer the payment by JBL of the refundable performance fees to BHD, in return for payment of interest at 11.5% per annum.</p> <p>From BHD's perspective, the financial effect of this transaction was that BHD generated a fixed return of 11.5% per annum on the principal sum of \$4.5 million.</p> <p>JBL notes that that now that the JBL Loan has been repaid, the two alternatives for BHD are to hold the cash at bank or apply the cash in accordance with BHD's global macro trading strategy.</p> <p>If the funds are applied in accordance with BHD's global macro trading strategy, JBL anticipates that approximately 20% will be used as margin, while approximately 80% will be held as cash at bank to support those activities (based on historical information available to JBL and</p>	<p>From JBL's perspective, the impact of the repayment of the JBL Loan to BHD was the unexpected, early repayment of the amount owing by JBL. JBL entered into a credit facility with JBFG for up to \$7 million, and drew down on part of this facility to repay the amount to BHD.</p> <p>HML Shareholders who are considering whether or not to accept the Offer may consider that the JBL Loan was not a transaction which they anticipated would be entered into by JBL (noting that as at the date of this Bidder's Statement, the JBL Loan has been repaid by JBL to BHD).</p> <p>JBL's investment portfolio may not reflect the personal investment strategy and risk profile of individual HML Shareholders. Some HML Shareholders may prefer to retain their investment in HML as the HML investment portfolio may be more</p>

Transaction	Financial effect	Impact
	<p>information about BHD received by JBL in its role as BHD's investment manager).</p> <p>If cash is held at an Australian bank on a term deposit, the current rates offered by major banks indicate that interest would be generated at a rate of approximately 2.59%.</p> <p>Based upon information available to JBL at the time that the JBL Loan was entered into, JBL believed that the funds were not required to support BHD's operational requirements and would be likely to have been applied for investment purposes.</p> <p>JBL also notes that BHD's auditor did not consider the recovery of the JBL Loan as uncertain in BHD's annual report for the period ending 30 June 2018. Further information regarding the financial effect of the repayment of the JBL Loan is set out in the row of this table which relates to the JBFG Facility.</p> <p>Pursuant to the agreement, interest payments were made to BHD quarterly in arrears. Interest of \$148,869.86 has been paid in cash.</p>	<p>closely aligned to their personal investment strategy and risk profile. The JBL Loan has been repaid.</p>
<p>BHD Loan and BHD Extension</p>	<p>From JBL's perspective, the financial effect of the BHD Loan and BHD Extension was to defer the payment by JBL of an amount equal to the JBL shares bought back by JBL, in return for payment of interest at 11.5% per annum.</p> <p>From BHD's perspective, the financial effect of this transaction is that BHD generates a fixed return of 11.5% per annum on the principal sum of \$1.134 million.</p> <p>JBL notes that if the BHD Loan and BHD Extension were not in place, two likely alternatives would be for BHD to hold the cash at bank or apply the cash in accordance with BHD's global macro trading strategy.</p> <p>If the funds were applied in accordance with BHD's global macro trading strategy, it is JBL's policy as investment manager to use approximately 20% as margin, while approximately 80% would be held as cash at bank to support those activities (based on historical information available to JBL and information about BHD received by</p>	<p>From the perspective of JBL, the impact of the BHD Loan and BHD Extension is to extend the period within which \$1.134 million must be repaid.</p> <p>HML Shareholders who are considering whether or not to accept the Offer may consider that the BHD Loan and BHD Extension are not transactions which they anticipated would be entered into by JBL.</p> <p>JBL's investment portfolio may not reflect the personal investment strategy and risk profile of individual HML Shareholders. Some HML Shareholders may prefer to retain their investment in HML as the HML investment portfolio may be more closely aligned to their personal investment strategy and risk profile.</p> <p>JBL intends to repay the BHD Loan (as extended by the BHD Extension) in the ordinary course. The level of acceptances under the Offer for HML shares will have no effect on JBL's actions in this regard.</p>

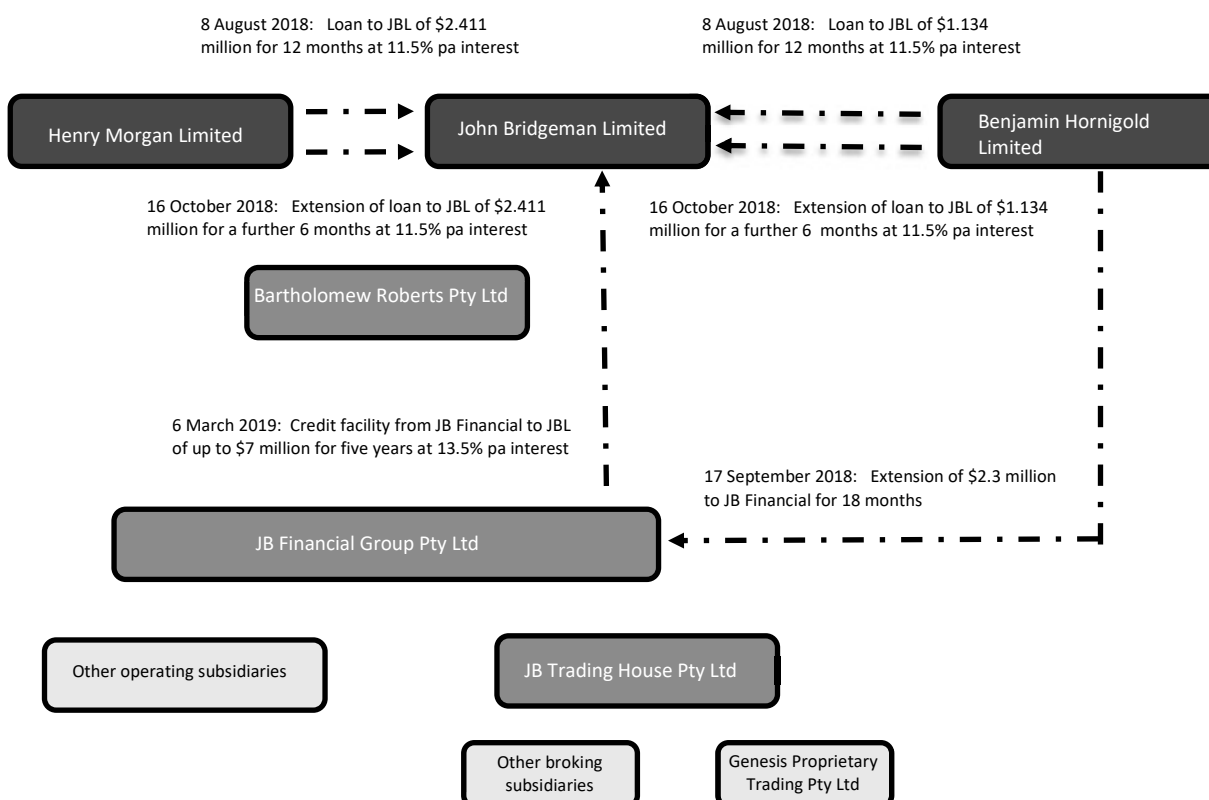
Transaction	Financial effect	Impact
	<p>JBL in its role as BHD's investment manager).</p> <p>If cash were held at an Australian bank on a term deposit, the current rates offered by major banks indicate that interest would be generated at a lower rate of approximately 2.59%.</p> <p>Based upon information available to JBL, JBL believes that the funds are not required to support BHD's operational requirements and would be likely to be applied for investment purposes.</p> <p>The effect of the BHD Extension is to extend the due date for the repayment of the BHD Loan, meaning that the outstanding amount is not repaid by JBL to BHD, and BHD earns interest at 11.5% per annum on the outstanding amount, for a further six months.</p> <p>JBL also notes that BHD's auditor did not consider the recovery of the BHD Loan as uncertain in BHD's annual report for the period ending 30 June 2018.</p> <p>Pursuant to the agreement, interest payments have been made to BHD quarterly in arrears. Interest of \$53,957.77 has been paid in cash and principal has been paid of \$129,534.02. Interest continues to accrue on the balance in accordance with the terms of the agreement.</p>	
HML Loan and HML Extension	<p>From JBL's perspective, the financial effect of the HML Loan and HML Extension was to defer the payment by JBL of an amount equal to the JBL shares bought back by JBL, in return for payment of interest at 11.5% per annum.</p> <p>From HML's perspective, the financial effect of this transaction is that HML generates a fixed return of 11.5% per annum on the principal sum of \$2,411,000.</p> <p>JBL notes that if the HML Loan and HML Extension were not in place, two likely alternatives would be for HML to hold the cash at bank or apply the cash in accordance with HML's global macro trading strategy.</p> <p>If the funds were applied in accordance with HML's global macro trading strategy, it is JBL's policy to use approximately 10-20% as</p>	<p>From the perspective of JBL, the impact of the HML Loan and HML Extension is to extend the period within which \$2.411 million must be repaid.</p> <p>HML Shareholders who are considering whether or not to accept the Offer may consider that the HML Loan and HML Extension are not transactions which they anticipated would be made by HML or JBL.</p> <p>JBL's investment portfolio may not reflect the personal investment strategy and risk profile of individual HML Shareholders. Some HML Shareholders may prefer to retain their investment in HML as the HML investment portfolio may be more closely aligned to their personal investment strategy and risk profile.</p>

Transaction	Financial effect	Impact
	<p>margin, while 80-90% would be held as cash at bank to support those activities (based on historical information available to JBL and information about HML received by JBL in its role as HML's investment manager).</p> <p>If cash were held at an Australian bank on a term deposit, the current rates offered by major banks indicate that interest would be generated at a lower rate of approximately 2.59%.</p> <p>Based upon information available to JBL, JBL believes that the funds are not required to support HML's operational requirements and would be likely to be applied for investment purposes.</p> <p>The effect of the HML Extension is to extend the due date for the repayment of the HML Loan, meaning that the outstanding amount is not repaid by JBL to HML, and HML earns interest at 11.5% per annum on the outstanding amount, for a further six months.</p> <p>JBL also notes that HML's auditor did not consider the recovery of the HML Loan as uncertain in HML's annual report for the period ending 30 June 2018.</p> <p>Pursuant to the agreement, interest payments have been made to HML quarterly in arrears. Interest of \$109,834.45 has been paid in cash and principal has been paid of \$221,313.78. Interest continues to accrue on the balance in accordance with the terms of the agreement.</p>	<p>JBL intends to repay the HML Loan (as extended by the HML Extension) in the ordinary course.</p> <p>The level of acceptances under the Offer will have an impact on the accounting treatment of the HML Loan and HML Extension. If JBL acquires more than 50% of HML, HML's accounts will be consolidated into the accounts of JBL. The effect of this is that the liability will be offset against a corresponding asset.</p>
<p>JBFG Extension</p>	<p>The effect of this transaction is to defer payment of a loan under a secured convertible loan agreement between BHD and JB Financial Group, entered into in September 2017, in return for payment of interest at 9.65% per annum.</p> <p>The agreement provides BHD with the opportunity to, at its discretion, convert the amount into equity in either JB Financial Group, JB Trading House Pty Ltd or Genesis Proprietary Trading Pty Ltd.</p> <p>Under the agreement, JB Financial Group pays BHD 9.65% per annum interest on the amount outstanding until such time as it is repaid, or BHD</p>	<p>HML Shareholders who are considering whether or not to accept the Offer may consider that the JBFG Extension is not a transaction which they anticipated would be made by JB Financial Group or JBL (in the context of JBL's investment in JB Financial Group).</p> <p>JBL's investment portfolio may not reflect the personal investment strategy and risk profile of individual HML Shareholders. Some HML Shareholders may prefer to retain their investment in HML as the HML investment portfolio may be more closely aligned to their personal investment strategy and risk profile.</p>

Transaction	Financial effect	Impact
	<p>elects to convert the amount into equity.</p> <p>JBL notes that two likely alternatives to the transaction would be for BHD to hold the cash at bank or apply the cash in accordance with BHD's global macro trading strategy.</p> <p>If the funds were applied in accordance with BHD's global macro trading strategy, JBL anticipates that approximately 20% would be used as margin, while approximately 80% would be held as cash at bank to support those activities (based on historical information available to JBL and information about BHD received by JBL in its role as BHD's investment manager).</p> <p>If cash were held at an Australian bank on a term deposit, the current rates offered by major banks indicate that interest would be generated at a lower rate of approximately 2.59%.</p> <p>Based upon information available to JBL, JBL believes that the funds are not required to support BHD's operational requirements and would be likely to be applied for investment purposes.</p> <p>JBL also notes that BHD's auditor did not consider the recovery of the BHD Loan as uncertain in BHD's annual report for the period ending 30 June 2018.</p> <p>Pursuant to the agreement, interest payments have been made to BHD quarterly in arrears. Interest of \$64,562.00 has been paid in cash. Interest continues to accrue on the balance in accordance with the terms of the agreement.</p>	
JBFG Facility	<p>The financial effect of this transaction is that JBL may draw on a line of credit of up to \$7 million from JB Financial Group. To date, JBL has drawn down \$4.5 million of funds in order to repay \$4.5 million (plus accrued interest) to BHD under the JBL Loan.</p> <p>The draw down has the effect of reducing JBL's liability of \$4.5 million (plus accrued interest) to BHD and incurring a liability of \$4.5 million, plus interest at a rate of 13.5% per annum, to JB Financial Group.</p>	<p>From the perspective of JBL, the impact of the JBFG Facility is to provide an external line of credit which can be drawn down as required.</p> <p>HML Shareholders who are considering whether or not to accept the Offer may consider that the JBFG Facility is not a transaction which they anticipated would be entered into by JBL (or JB Financial Group, in the context of JBL's investment in JB Financial Group).</p> <p>JBL's investment portfolio may not reflect the personal investment</p>

Transaction	Financial effect	Impact
		strategy and risk profile of individual HML Shareholders. Some HML Shareholders may prefer to retain their investment in HML as the HML investment portfolio may be more closely aligned to their personal investment strategy and risk profile. JBL intends to repay the JBFG Facility in the ordinary course.

A diagram which summarises these transactions is also included below.



In addition to the transactions highlighted above, the following table summarises the balance loan arrangements between JBL, Bartholomew Roberts, HML, BHD and JB Financial. Where required, these are disclosed in the relevant company's financial reports:

John Bridgeman Limited – Lender Summary			
	Principal	Maturity	Interest rate
Birdzz Pty Ltd	\$1,521,440	Aug-20	9.65%
JR Restaurants Australia Pty Ltd	\$831,834	July-20	5.0%
Capital Credit Pty Ltd	\$376,967	Mar-20	5.0%
Bartholomew Roberts Pty Ltd	\$218,077	Apr-20	9.65%

Bartholomew Roberts Pty Ltd – Lender Summary			
	Principal	Maturity	Interest rate
Birdzz Pty Ltd	\$160,453	May-20	5.0%
JR Restaurants Australia Pty Ltd	\$1,509,499	Feb-21	5.0%
Ashdale Integrity Solutions Pty Ltd	\$40,000	Oct-19	0%

Henry Morgan Limited – Lender Summary			
	Principal	Maturity	Interest rate
Capital Credit Pty Ltd	\$441,918	Jan-20	5.0%
John Bridgeman Limited	\$2,411,000	Feb-20	11.50%

Benjamin Hornigold Ltd – Lender Summary			
	Principal	Maturity	Interest rate
Genesis Proprietary Trading Pty Ltd	\$845,961	Oct-19	9.0%
JB Financial Group Pty Ltd	\$2,446,616	Sept-20	5.0%
John Bridgeman Limited	\$1,023,294	Feb-20	11.50%

Other transactions

Foreign currency banknotes are held in the custody of JBFX Wholesale Pty Ltd (**JBFX**) and Kings Currency Exchange Pty Ltd (**Kings**) (wholly owned subsidiaries of JB Financial Group). The banknotes are traded and managed by JBFX and Kings on behalf of BHD and HML under services agreements to generate a return to BHD and HML as owners of the banknotes.

JB Markets Pty Ltd is an ultimate subsidiary of JB Financial Group. It is one of the brokers which JBL engages to trade on its behalf or on behalf of entities for which it acts as investment manager. See section 4.2 for a summary of these arrangements.

HML, BHD and JBL have each entered into profit-sharing agreements with Genesis. Under the agreements, trading profits earned or losses in excess of \$20,000 per month, are shared between Genesis and the relevant counterparty. Details are set out in the annual reports of the relevant companies.

Investment in JB Financial Group

One of the key investments held by JBL is in JB Financial Group Pty Ltd, an unlisted company whose business strategy has been to develop and expand businesses where it believes it has a

strong competitive advantage, primarily in foreign exchange and market trading. JBL's investment in JB Financial Group represents approximately 40% of JBL's investment portfolio.

In January 2018, JBL made an offer to acquire all of the shares in JB Financial Group, and received indicative acceptances from all shareholders in that company. HML subsequently withdrew its acceptance. The proposed buy-back of HML's shares in JB Financial Group ultimately did not proceed as proposed, and that transaction was terminated.

On 4 March 2019, JBL announced that it had terminated the acquisition of JB Financial Group. JBL retains its 7.64% direct interest in JB Financial Group (which forms part of JBL's consolidated group for the purposes of its accounts).

JB Financial Group's financial performance and position is disclosed in its Annual Report, released to the market on 2 November 2018 via JBL's announcements platform. HML Shareholders are encouraged to read that document for further information regarding JB Financial Group.

HML Shareholders should be aware that JB Financial Group's Annual Report noted that, for the period ending 30 June 2018, the loss for the JB Financial Group consolidated group after tax amounted to \$19.25 million and JB Financial Group's auditor drew attention to a material uncertainty as to JB Financial Group's ability to continue as a going concern. At the end of the 30 June 2018 financial year, current liabilities exceeded current assets by \$2.255 million.

Notwithstanding the reported results, the JB Financial Group Annual Report notes that JB Financial Group directors have confirmed their view that JB Financial Group and the consolidated entity will be able to realise their assets and settle their liabilities in the normal course of business and at amounts stated in the financial report.

The JB Financial Group Annual Report notes that its directors have made enquiries of management, examined the consolidated group's current financial position and financial forecasts. Despite any material uncertainty that may cast doubt about the consolidated group's ability to continue as a going concern, the JB Financial Group Annual Report notes that the directors of JB Financial Group have a reasonable expectation that JB Financial Group and the consolidated group have adequate financial resources to continue as a going concern.

Significant matters identified by the directors include:

- the reported loss is not considered by the directors to reflect the expected future performance of the consolidated group. Operating expenses for the reporting period included significant non-recurring and non-cash expenses arising from acquisition of new businesses, restructuring costs, redundancy payments, fair value adjustments, impairment, depreciation and amortisation costs;
- cost reductions implemented in the first half of calendar year 2018 are expected to provide positive operating cash flows to the JB Financial Group consolidated group over the medium term. Having absorbed the initial acquisition, restructuring and development costs within the consolidated group, management of capital expenditure and growth is forecast to reduce short term funding required for growth of the business divisions; and
- subsequent to the end of the financial year, the consolidated group's maturing debt facilities have either been repaid, converted to equity, or had maturity terms extended.

JB Financial Group has provided information to JBL which indicates that a large number of one-off costs and impairments have been undertaken since the Annual Report for the period ending June 2018. In addition, operating expenditure has increased and the net asset position of the company has improved (refer to section 4.5 for further details).

All external funding for JB Financial has predominately been used for growth by way of development or acquisition to increase the size and scale of the company to ensure strong earnings and defensible dividend streams.

JB Financial Group was incorporated in July 2016. Over the past two and a half years, it has been acquiring and integrating a range of businesses in the financial services industry.

While some of the businesses acquired by JB Financial Group were established operating businesses at the time of acquisition, JB Financial Group has focussed on increasing and developing those businesses. For example, King's Currency Exchange Pty Ltd's business (being the operation of a retail foreign exchange business) has increased from 13 stores to 29 stores.

In addition, JB Financial Group's mercantile services division (which is headed by Risk & Security Management Pty Ltd), has been working to integrate several acquisitions of established businesses during this period.

JB Financial Group acquired the company which would form the basis of its broking division, JB Markets, in August 2016. Further acquisitions occurred in 2017. JB Financial has invested in personnel, technology, licensing and infrastructure to develop this division and integrate these businesses.

In addition, JB Financial Group established a fintech division and credit finance division over the past two years, investing significantly in personnel and technology.

Given the early stage of development of JB Financial Group, it is to be expected that losses will be incurred as the company's business divisions develop.

However, given the fact that the nature of the businesses within JB Financial are scalable, high growth and reasonably inelastic, the company is an attractive investment opportunity. As the global market has become extremely volatile over the past several years with increased uncertainty and declining growth, an investment in, or financial support for, a company such as JB Financial with defensible income businesses with high growth potential, was considered appropriate for companies such as HML and BHD.

To the best of JBL's knowledge, and taking into consideration the fact that JB Financial Group has provided a \$7 million credit facility to JBL (with \$4.5 million being drawn by JBL to repay the \$4.5 million JBL Loan), JB Financial Group will achieve the following objectives:

- forecast positive cash flows from operations;
- proposed capital expenditure management;
- capital raisings by way of debt or equity; and
- realisation of surplus assets and sale of existing assets or companies either by a float or trade sale.

4.4 Directors and senior management

The directors of JBL are set out below:

John McAuliffe – Chairman

John McAuliffe was appointed as Chairman of the Board in March 2015. John is also a director of Bartholomew Roberts and HML, as set out in section 4.2.

John has had a long and distinguished career in both government and private sector roles.

He has also lectured extensively at both QUT and UQ in the areas of property valuation and surveying.

John was awarded the Order of Australia in June 2007 for service to the community particularly through executive roles in the areas of health care and public housing management, and to the property valuation industry.

John has a strong relationship with both Federal and State Governments and Secretaries and Directors General.

In 1989 John was awarded the Kenneth Campbell Memorial Award for professional excellence and outstanding service to The Australian Institute of Valuers and Land Economists.

John was appointed Chair in March 2015 and has been a Board member since that time.

John was previously the Chairman of the board of the Holy Spirit Hospital, Brisbane and Mater Health Services, Brisbane. He is a former member of the board of the Mount Olivet Hospital and is chairman of Brisbane Housing Company, Multicap, Catholic Property, Brisbane and Freedom Aged Care and a director of Holy Cross Laundry and Lady Bowen Trust.

John's other qualifications include:

- Life Fellow of the Australian Institute of Valuers and Land Economists;
- Fellow of the Australian Institute of Building - Chartered Builder;
- Associate Papua New Guinea Institute of Valuers and Land Administrators;
- Registered Valuer, Queensland and New South Wales;
- Registered Valuer, Papua New Guinea;
- Associate Central Technical College Brisbane - Diploma in Building and Diploma in Quantity Surveying;
- Member Real Estate Institute of Queensland; and
- Fellow, Real Estate Institute of Queensland.

Stuart McAuliffe – Managing Director

Stuart McAuliffe was appointed as Managing Director in January 2015.

Stuart's current and previous directorships and employment with HML, BHD, Bartholomew Roberts and JB Financial Group are set out in section 4.2.

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. He holds a Bachelor of Arts from the University of Queensland with a double major in Modern History and 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.

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.

Stuart's current and previous directorships with other companies within the JBL consolidated group are summarised below:

Entity Name	Role	Status	Appointed	Resigned
Advance Group Holdings Pty Ltd	Director	Current	1/11/2016	
Australian Legal Support Group Pty. Ltd.	Director	Current	3/07/2017	
Birdzz Pty Ltd	Director	Current	31/05/2017	
Capital Credit Pty Ltd	Director	Current	23/08/2016	
HPH Holdings Pty Ltd	Director	Current	27/04/2017	
JBFX Retail Pty Ltd	Director	Current	9/06/2017	
JR Restaurants Australia Pty Ltd	Director	Current	7/07/2016	
K-Ching Holdings Pty Ltd	Director	Former	1/11/2016	30/7/2018
K-Ching Pty Ltd	Director	Former	1/11/2016	30/7/2018
Risk & Security Management Pty Ltd	Director	Current	28/04/2017	
JBFX Wholesale Pty Ltd	Director	Current	9/06/2017	
JB Trading House Pty Ltd	Director	Former	1/05/2018	22/05/2018
JB Prime Pty Ltd	Director	Current	16/01/2019	

Stuart is also a director of the following dormant companies:

Entity Name	Role	Status	Appointed	Resigned
Funz Holdings Pty Ltd	Director	Current	19/05/2017	
JB Fintech Services Pty Ltd	Director	Current	13/06/2017	
JB International Payments Pty Ltd	Director	Current	13/06/2017	
JB Trading Services Pty Ltd	Director	Current	13/06/2017	
Piggybk Holdings Pty Ltd	Director	Current	19/05/2017	
JB Macro Funds Management Limited	Director	Current	1/05/2018	

Ross Patane – Non-executive director

Ross Patane was appointed as a Director in March 2015. Ross is also a director of Bartholomew Roberts and HML, as set out in section 4.2.

Ross is a chartered accountant with in excess of 25 years' experience in providing business reconstruction, asset securitisation, corporate advisory, property advisory and wealth management services.

Ross is presently Senior Partner – Corporate Finance in Findex's Crowe Horwath South Queensland team, a leading accounting and financial services business.

Ross is the former non-executive Chairman of Qbiotics, a leading Queensland biotechnology company. He was appointed by the Queensland Government to be a Member of the Board of Trustees of the Queensland Art Gallery and Gallery of Modern Art (QAGAMO) and is the chair of the QAGOMA Audit and Risk Committee and completed his term in 2017. He has held a number of positions as director or non-executive director of AFSL licensees and responsible entities and as a member of compliance committees pursuant to the Corporations Act. Ross brings a strong commercial and strategic focus to complex transactions, drawing on years of experience as the lead advisor in mergers and acquisitions, valuations, due diligence, structured finance deals, investment management, equity raising and debt and equity capital markets transactions, with details knowledge and understanding of corporate governance, corporate finance and financial markets.

Ross's qualifications include:

- Bachelor of Business (Accounting);

- Fellow of the Institute of Chartered Accountants Australia and New Zealand;
- Fellow of the Financial Services Institute of Australasia; and
- Graduate Member - Australian Institute of Company Directors

Jody Wright – Co-company secretary

Jody Wright was appointed as Company Secretary on 14 July 2016.

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.

Kevin Mischewski – Co-company secretary

Kevin Mischewski is a Chartered Accountant and member of the Governance Institute of Australia. He has held Company Secretary and Chief Financial Officer roles for ASX-listed and unlisted public companies. Kevin brings a wealth of experience as a finance and company administration executive. Kevin previously held the role as Company Secretary and Chief Financial Officer for ASX listed Australian Pacific Coal Limited.

Kevin holds the following qualifications:

- Bachelor of Business;
- Member of the Institute of Chartered Accountants Australia and New Zealand (CA);
- Members of the Governance Institute of Australia (AGIA); and
- Registered Tax Agent

4.5 Financial profile of JBL

Detailed financial information about JBL is available in its most recent financial statements (being its half-year accounts for the period ended 31 December 2018) released to the market on 14 March 2019, including the consolidated results of JB Financial Group (which are consolidated for the purposes of JBL's accounts). A copy of these accounts are annexed to this Bidder's Statement.

The financial report for JBL for the year ended 30 June 2018 as contained in JBL's Annual Report for the year ended 30 June 2018, was lodged with NSX on 22 October 2018.

JBL's financial position on a consolidated basis as at 30 June 2018 can be summarised as follows:

- (a) Total assets of \$95,089,372.
- (b) Net assets of \$49,672,296.
- (c) Cash and cash equivalents net of debt of \$10,603,024.

For the year ended 30 June 2018, the following results were recorded:

- (d) Revenues of \$54,003,551.

- (e) Net loss of \$16,672,668.

HML Shareholders should be aware that JBL's audit opinion in relation to its full year accounts for the year ended 30 June 2018 referred to a material uncertainty as to JBL's ability to continue as a going concern.

HML Shareholders should be aware that JBL's Annual Report noted that, for the period ending 30 June 2018, the loss for the JBL consolidated group (which includes JBL, JB Financial Group, Bartholomew Roberts and their subsidiaries for accounting purposes) after tax amounted to \$16,672,668. At the end of the financial year, current liabilities exceeded current assets by \$2,601,517. Notwithstanding the reported results, the financial report was prepared on a going concern basis as the directors considered that JBL and the consolidated group would be able to realise their assets and settle their liabilities in the normal course of business and at amounts stated in the financial report.

The directors have made enquiries of management, examined the consolidated group's current financial position and financial forecasts.

Despite any material uncertainty that may cast doubt about the consolidated group's ability to continue as a going concern, the directors confirmed that they held a reasonable expectation that JBL and the consolidated group had adequate financial resources to continue as a going concern.

Significant matters identified by the directors included:

- the reported loss was not considered by the directors to reflect the expected future performance of the JBL consolidated group. Operating expenses for the reporting period included significant non-recurring and non-cash expenses arising from acquisition of new businesses, restructuring costs, redundancy payments, fair value adjustments, impairment, depreciation and amortisation costs;
- cost reductions implemented in the first half of calendar year 2018 are expected to provide positive operating cash flows to the consolidated group over the medium term. Having absorbed the initial acquisition, restructuring and development costs within the JBL consolidated group, management of capital expenditure and growth is forecast to reduce short term funding required for growth of the business divisions; and
- subsequent to the end of the financial year, the JBL consolidated group's maturing debt facilities had either been repaid, converted to equity or had maturity terms extended.

The financial report for JBL for the half-year ended 31 December 2018, as contained in JBL's half-year accounts for the period ended 31 December 2018, was lodged with NSX on 14 March 2019. A copy of these accounts is annexed to this Bidder's Statement.

JBL's financial position on a consolidated basis as at 31 December 2018 can be summarised as follows:

- (a) Total assets of \$88,627,631.
- (b) Net assets of \$38,971,729.
- (c) Cash and cash equivalents net of debt of \$-5,747,453.

For the half-year ended 31 December 2018, the following results were recorded:

- (d) Revenues of \$26,731,274.
- (e) Net loss of \$1,525,777.

In their report, JBL's auditor drew attention to Note 2 of the financial report, which indicates that the consolidated group had incurred a net loss of \$1,525,777 during the half-year ended 31

December 2018 and had negative cash flows from operations of \$157,762 for the same half-year period. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the consolidated group's ability to continue as a going concern, and therefore, whether it will realise its assets and discharge its liabilities in the normal course of business. The auditor's opinion was not modified in respect of this matter.

Notwithstanding the reported results, the financial report was prepared on a going concern basis as the directors considered that JBL and the consolidated group will be able to realise their assets and settle their liabilities in the normal course of business and at amounts stated in the financial report.

The report notes that JBL directors have made enquiries of management, examined the consolidated group's current financial position and financial forecasts. Despite any uncertainty that may cast doubt about the consolidated group's ability to continue as a going concern, the JBL directors have a reasonable expectation that JBL and the consolidated group has adequate financial resources to continue as a going concern.

Significant matters identified by the JBL directors include that:

- the reported loss is not considered by the directors to reflect the expected future performance of the consolidated group. Operating expenses for the reporting period included non-recurring and non-cash expenses arising from restructuring costs, fair value adjustments, impairment, depreciation and amortisation costs; and
- cost reductions implemented in the first half of calendar year 2018 are expected to provide positive operating cash flows to the consolidated group over the medium term. Having absorbed the initial acquisition, restructuring and development costs within the consolidated group, management of capital expenditure and growth is forecast to reduce short term funding required for growth of the business divisions.

The continuation of JBL and the consolidated group as a going concern is dependent on their ability to achieve the following objectives:

- forecast positive cash flows from operations;
- proposed capital expenditure management;
- capital raisings by way of debt or equity; and
- realisation of surplus assets and sale of existing assets or companies either by a float or trade sale.

Should the anticipated capital raisings not generate the expected cash flows, JBL may not be able to pay its debts as and when they become due and payable, and it may be required to realise assets and extinguish liabilities other than in the ordinary course of business and at amounts different from those stated in the financial statements. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should JBL and the consolidated group not continue as going concerns.

JBL notes that during the 12 months ending 30 June 2018, the consolidated group, which includes JBL and JB Financial Group and its subsidiaries for accounting purposes, experienced a large number of one-off costs and impairments. While the audited consolidated account recorded a net loss of circa \$16.67 million, if impairment and high level once-off cost items are excluded, the loss is significantly less (approximately \$7.4 million). Most of the net loss incurred by JBL is attributable to impairment expenses of \$7.67 million.

The operating expenses which contributed to the loss included salaries and wages, office and infrastructure costs, redundancy payments, general operational outgoings, traders' fees, and professional services expenses.

The cost reduction measures that have been put in place include the implementation of redundancies, reductions in operational and infrastructure costs and outgoings, reduced external services fees, cost efficiencies, contractor scale discounts, restructuring and associated measures.

In JBL's half year financial accounts, the consolidated balance sheet for the period ending 31 December 2018 shows that current and non-current borrowings for the consolidated group have increased from \$8.3 million in June 2018 to \$25.1 million in December 2018. Details regarding these borrowing arrangements are set out in Notes 20 and 21 of JBL's auditor-reviewed accounts, which are annexed to this Bidder's Statement.

In addition, Note 5 Operating segments in the half year accounts indicate a deficiency in net assets in the investment management services segment, and an increased net loss of approximately \$14 million. This increase is due to significant external advisory, legal and accounting fees incurred over the past 12 months associated with proposed transactions and ongoing restructuring, as well as liabilities associated with loans from BHD and HML, \$4.5 million of which is the JBL Loan referred to in section 4.2, which has since been repaid.

In JBL's statement of cash flows for the half year ended 31 December 2018, the line item 'Funds (paid to) / received from investors' refers to \$6,460,399 in foreign currency banknotes owned by third parties such as BHD and HML which have been placed on consignment with a wholly owned subsidiary of JB Financial Group under a services agreement to generate a return on the trading on those banknotes. This line item refers to the transfer of those banknotes back to HML and BHD.

In relation to Note 14 Current assets - trade and other receivables, receivables of \$2,440,000 relate to the issue of shares by JBL to a third party investor, and \$2,055,000 relates to the sale by JBL of HML shares to a third party.

Following negotiations with the debtor, these receivables were settled on 11 September 2018 by the transfer of 814,882 JB Financial Group shares from the debtor to JBL.

HML Shareholders should also be aware that the most recent audit opinion for JB Financial Group in relation to its full year accounts for the year ended 30 June 2018 refers to a material uncertainty as to JB Financial Group's ability to continue as a going concern. Further information regarding JB Financial Group is set out in section 4.3.

Investment management agreements

As noted above in section 4.2, JBL is engaged as investment manager for HML, Bartholomew Roberts (an unlisted private equity vehicle), BHD, and the JB High Alpha Fund. Section 4.2 also contains a summary of the material terms of the investment management agreements.

The total income received by JBL under the above agreements (since commencement of the agreements) by way of management and performance fees and other services outside general services is approximately \$18.5 million.

Investment portfolio

As at the date of this document, JBL's investment portfolio is focussed on investments in listed and unlisted securities. In summary, the portfolio includes:

- investment in Bartholomew Roberts of \$14,178,502.61;
- investment in HML of \$3,196,734.17;
- investment in JB Financial Group of \$11,331,307.00; and

- investment in BHD of \$79,523.75.

Bartholomew Roberts acquired the master franchise licences for international franchise brands Johnny Rockets and Wingstop in October 2016 and August 2017 with a development capacity for 100 restaurants and 110 restaurants across Australia and New Zealand respectively.

Given the current environment and challenges of the retail food industry, the book value of both master franchise licences is recorded as zero in JBL's accounts.

As at the date of this Bidder's Statement, one Johnny Rockets store has been established at The Emporium, in Brisbane. No Wingstop restaurants have yet been opened.

4.6 Publicly available information

JBL is a company listed on NSX (Code: 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 by referring to JBL on www.nsx.com.au.

A list of announcements made by JBL to NSX between 1 July 2018 and the date of this Bidder's Statement is set out in Schedule 2. This information may be relevant to your assessment of the Offer. Copies of the announcements are available from NSX.

4.7 Further information

Further information about JBL can be found on JBL's website: www.johnbridgeman.com.au

4.8 Recent price performance of JBL Shares

JBL Shares are quoted on NSX under the code JBL.

The closing price of JBL Shares on NSX on the last trading day before the Announcement Date (noting that JBL was suspended from trading by NSX at the relevant time) was \$2.00.⁸ The closing price of JBL Shares on NSX on 18 March 2019, being the last trading day before the date of this Bidder's Statement, was \$0.60.⁹

The highest recorded closing price of JBL Shares on NSX in the three months before 18 March 2019, being the last trading day before the date of this Bidder's Statement, was \$0.60.¹⁰ The lowest recorded closing price of JBL Shares on NSX in the three months before 18 March 2019, being the last trading day before the date of this Bidder's Statement, was \$0.60.¹¹

As at the Announcement Date, trading in JBL was suspended from NSX (commencing 29 August 2018) due to a delay in implementing a proposed on-market share buy-back. Trading in JBL was also suspended between 3 October 2018 and 22 October 2018 due to delayed lodgment of JBL's annual financial reports.

Since 1 July 2017, JBL has requested a voluntary trading halt in respect of its securities five times to ensure that the market was in each case fully informed, pending announcements regarding significant business events (including placements of securities).

Historically, JBL Shares have traded as follows:

⁸ This trade occurred on 14 February 2018.

⁹ This trade occurred on 24 December 2018.

¹⁰ This trade occurred on 24 December 2018.

¹¹ This trade occurred on 24 December 2018.

Period	Number of shares traded	VWAP for the Period
January to June 2016	8,000	\$1.36
July to December 2016	687,000	\$1.52
January to June 2017	296,500	\$2.26
July to December 2017	51,000	\$2.06
January to June 2018	15,750	\$2.00
July to December 2018	481,761	\$1.56
January to the date of this Bidder's Statement	0	-

Historical performance is not necessarily an indicator of future performance. Depending on the level of acceptances under the Offer, the level of trading in JBL securities may or may not be affected. There can be no guarantee of the future state of the market for JBL Shares.

By way of comparison, shares in HML have traded as follows over the same period:

Period	Number of shares traded	VWAP for the Period
January to June 2016	1,139,136	\$0.92
July to December 2016	3,177,091	\$1.14
January to June 2017	7,850,189	\$1.69
July to December 2017	-	-
January to June 2018	-	-
July to December 2018	-	-
January 2019 to the date of this Bidder's Statement	-	-

5 Information on JBL Shares

5.1 Issued securities

At the date of this Bidder's Statement, the following JBL Securities are on issue:

- (a) 24,367,704 JBL Shares;
- (b) 2,227,850 convertible notes;
- (c) 24,186,520 options.

5.2 Substantial holders

At the date of this Bidder's Statement the substantial holders in JBL are:

Substantial holder	Interest	Substantial holding
Stuart McAuliffe*	22.97%	5,598,000
Stuart Capital Pty Ltd	16.87%	4,109,838
Jan Holmes	7.10%	1,730,289
*The following substantial holders are duplicates, being the relevant interests of entities controlled by Stuart McAuliffe. These 5,550,000 shares are included in Stuart McAuliffe's substantial holding disclosure.		
Substantial holder	Interest	Substantial holding
Henry Avery Partners Pty Ltd	22.78%	5,550,000
John Hawkins Pty Ltd	22.78%	5,550,000

The substantial holders in JBL may hold the following interests in JBL in each of the following scenarios, and assuming that each substantial holder accepts 100% of their entitlements under the Offer and are issued JBL Shares as consideration:

JBL substantial holders – JBL acquires 50.1% of HML

Substantial holder	Interest	Substantial holding
Stuart McAuliffe*	20.95%	7,701,992
Stuart Capital Pty Ltd	21.58%	7,931,016
Jan Holmes	4.71%	1,730,289
*The following substantial holders are duplicates, being the relevant interests of entities controlled by Stuart McAuliffe. These interests are included in Stuart McAuliffe's substantial holding disclosure.		
Substantial holder	Interest	Substantial holding
Henry Avery Partners Pty Ltd	16.17%	5,943,992
John Hawkins Pty Ltd	16.17%	5,943,992

JBL substantial holders – JBL acquires 100% of HML

Substantial holder	Interest	Substantial holding
Stuart McAuliffe*	14.79%	7,701,992
Stuart Capital Pty Ltd	15.23%	7,931,016
Jan Holmes	3.32%	1,730,289
*The following substantial holders are duplicates, being the relevant interests of entities controlled by Stuart McAuliffe. These interests are included in Stuart McAuliffe's substantial holding disclosure.		
Substantial holder	Interest	Substantial holding
Henry Avery Partners Pty Ltd	11.41%	5,943,992
John Hawkins Pty Ltd	11.41%	5,943,992

5.3 Rights and liabilities attached in the JBL Shares offered

- (a) The JBL Shares issued as consideration under the Offer will be fully paid and rank equally with existing JBL Shares from the date of their issue.
- (b) JBL Shares are quoted on NSX under the code 'JBL'.
- (a) Quotation of the JBL Shares to be issued under the Offer will not be automatic but will depend on NSX exercising its discretion to admit the new JBL Shares to the official list. However, JBL is already admitted to the official list of NSX and shares in JBL in the same class or on the same terms as those to be issued under the Offer have previously been quoted.
- (b) The rights and restrictions attaching to the JBL Shares which will be issued as the consideration, or part of the consideration, under the Offer are primarily set out in the JBL Constitution and in the Corporations Act and are subject to statutory, common law and NSX Listing Rule requirements.

5.4 JBL Options

The table below provides key details of JBL Options on issue as at the date of the Bidder's Statement.

Option class	Grant date	Expiry date	Exercise price	Vested and exercisable
JBLOA listed options	Various	31 March 2020	\$1.10	16,376,300
JBLOB listed options	10 March 2015	31 March 2020	\$1.20	1,452,500
JBLOC listed options	10 March 2015	31 March 2020	\$1.50	1,540,000
JBLOD listed options	10 March 2015	31 March 2020	\$2.20	2,240,000
JBLOE listed options	10 March 2015	31 March 2020	\$3.50	2,240,000
JBLOF listed options	23 November 2017	23 November 2019	\$2.05	337,720

5.5 Offer Consideration

The consideration for the acquisition of HML Shares under the Offer is to be satisfied by the issue of JBL Shares. The Offer Consideration is 0.95 JBL Shares for each HML Share the HML Shareholders own.

The amount of JBL Shares to be issued will depend on the number of HML Shares that JBL acquires under the Offer.

The calculations in this section on the maximum consideration to be paid by JBL assume that, as a result of the Offer, JBL acquires all HML Shares on issue at the date of this Bidder's Statement.

5.6 Maximum number of JBL Shares

The maximum number of JBL Shares which are required to be issued under the Offer if acceptances are received for all the HML Shares on issue at the date of this Bidder's Statement is approximately 27,722,747 (excluding rounding adjustments).

JBL Shares issued under the Offer are exempt from NSX Listing Rule 6.25(1) (which prohibits issues exceeding 15 percent of a company's share capital in any 12 month period). Accordingly, JBL has the capacity to issue the maximum number of JBL Shares that may be required under the Offer.

6 Profile of HML

6.1 Disclaimer

The following information on HML has been prepared by JBL using publicly available information. To the extent that JBL does not have knowledge or access to this information in its capacity as investment manager of HML, 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.

The information on HML in this Bidder's Statement should not be considered comprehensive.

In addition, the Corporations Act requires HML to provide a Target's Statement to HML Shareholders in response to this Bidder's Statement, setting out certain material information concerning HML.

6.2 Overview

HML is an ASX listed investment company. Its investment strategy seeks to take advantage of imbalances in global market valuations through the active management of investments, predominantly in global exchange traded futures contracts including equity market indices, fixed income, currencies and commodities and fixed income futures.

It seeks to provide investors with the opportunity to gain exposure to an investment portfolio which is invested in global markets with the aim of achieving above average returns (whilst limiting volatility) over the medium to long term.

The investment strategy is primarily executed through investments in exchange traded futures contracts including equity market indices, fixed income, currencies and commodities, as well as listed and unlisted securities.

In terms of the equities component of its investment portfolio, HML holds securities in BHD, JB Financial Group, JBL, and Bartholomew Roberts. Additionally, HML trades a global macro portfolio with an approximate average monthly turnover of \$2.5 billion or 10,500 futures contracts. The futures component of HML'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.

6.3 Directors and senior management

Mr John McAuliffe – Non-executive Chairman

Refer to section 4.4.

Mr McAuliffe has also been the Non-executive Chairman of JBL since 13 March 2015.

Mr Stuart McAuliffe – Managing Director

Refer to section 4.4.

Mr McAuliffe has also been a Director of JBL since 8 January 2015 and a director of BHD since 28 September 2016.

Mr Ross Patane – Non-Executive Director

Refer to section 4.4.

Mr Patane has also been a Director of JBL since 13 March 2015.

Ms Vanessa Gunner – Non-Executive Director

Ms Gunner was formerly Interim Chief Operating Officer at Barclays Capital and Barclays Wealth for Corporate Real Estate Services, and has over 22 years of experience in Banking and Financial Services, Telecoms, Technology, Facilities Management, Pharmaceuticals, Transport, Publishing and Tech Start-ups. Her broad experience across over 20 bluechip companies includes leading strategic development, financial analysis and business modelling, programme and change management, business process re-design, systems integration, logistics, building new data platforms, organisational design and research and development, across jurisdictions including Europe, Middle East, Africa and the Asia Pacific.

Mr Peter Ziegler – Non-Executive Director

Peter Ziegler is a chartered accountant, chartered tax adviser and a solicitor. He is an experienced company director with a long career both as an advisor to, and as an executive in, industry. He has previously been a partner with Ernst & Young.

Mr Ziegler was formerly the Chairman of Australian Pacific Coal Limited.

Mr Kevin Mischewski – Co-Company Secretary

Refer to section 4.4.

Ms Jody Wright – Co-Company Secretary

Refer to section 4.4.

6.4 Financial profile of HML

The financial position for HML for the year ended 30 June 2018 as contained in HML's Annual Report for the year ended 30 June 2018, was lodged with ASX on 1 October 2018.

HML's financial position as at 30 June 2018 can be summarised as follows:

- (a) Total assets of \$37,619,120.
- (b) Net assets of \$34,370,124.
- (c) Cash and cash equivalents net of debt of \$314,729.

For the year ended 30 June 2018, the following results were recorded:

- (d) Revenues of -\$12,429,630.
- (e) Net loss of \$13,253,940.

The financial position for HML for the half-year ended 31 December 2018, as contained in HML's financial reports for the period ended 31 December 2018, was lodged with ASX on 28 February 2019.

HML's financial position as at 31 December 2018 can be summarised as follows:

- (a) Total assets of \$34,200,481.
- (b) Net assets of \$32,598,183.
- (c) Cash and cash equivalents net of debt of \$1,415,763.

For the half-year ended 31 December 2018, the following results were recorded:

(d) Revenues of -\$3,055,145.

(e) Net loss of \$3,503,723.

Important note on sources of information

JBL has relied on the information in financial reports issued by HML to prepare the financial information for HML contained in this Bidder's Statement. Financial information relating to HML has been sourced from its audited financial reports for the years ended 30 June 2016, 30 June 2017 and 30 June 2018.

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.

6.5 Publicly available information

HML 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 HML is publicly available and may be accessed by referring to HML on www.asx.com.au.

6.6 Further information

Further information about HML can be found on HML's website: www.henrymorgan.com.au.

6.7 Recent price performance of HML Shares

HML Shares are quoted on ASX under the code HML.

Trading in HML Shares was suspended on 9 June 2017. The price at which HML Shares were last traded on market was \$1.99 per share.

7 Profile of Merged Group

7.1 Introduction

The profile of the Merged Group will vary depending on the outcome of the Offer.

Unless otherwise indicated, the description of the Merged Group in this section 7 assumes that HML is a wholly-owned subsidiary of JBL. If JBL is not entitled to compulsorily acquire HML Shares during the Offer Period, some of the benefits that would otherwise accrue to JBL if HML were to become a wholly-owned subsidiary of JBL may not be fully realised.

7.2 Overview of the Merged Group

The Merged Group would be publicly listed on the NSX.

Following the acquisition of some or all of the HML Shares, JBL intends to continue to act as investment manager for those companies and other funds which it manages.

HML's investments are intended to continue to be managed by JBL under the current management services agreement.

7.3 Pro forma balance sheets

Summary of information

The information included below is pro forma financial information for the Merged Group comprising JBL and HML as at 31 December 2018 and assuming two scenarios, being:

- (a) first, that JBL acquires 100 percent of HML; and
- (b) second, that JBL acquires 50.1 percent of HML.

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 and HML as at 31 December 2018, adjusted to account for subsequent events deemed material to the Merged Group.

The financial information reflects the latest publicly available information for HML that is capable of being compared.

The two Pro Forma Balance Sheets reflect the anticipated balance sheet for the Merged Group on a consolidated basis.

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 HML Shareholders, and other adjustments required as a result of this Offer.

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 Offer. 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.

Financial information relating to HML) has been sourced from HML's auditor-reviewed financial reports for the half-year ended 31 December 2018.

To the extent that it does not have knowledge or access to this information in its capacity as investment manager of HML, 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.

The pro forma financial information presented in this section should also be read in conjunction with the risks set out in section 9, other information contained in this Bidder's Statement and the accounting policies of JBL and HML as disclosed in their most recent financial reports.

No forward-looking financial statements

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 Bidder's Statement. JBL believes that the inclusion of revenue or profit forecasts would be unduly speculative and potentially misleading for HML Shareholders.

Pro Forma Consolidated Balance Sheet assuming JBL acquires 100% of HML

	John Bridgeman Limited (JBL)	Henry Morgan Limited (HML)			Consolidation eliminations					John Bridgeman Limited (JBL)
	Pre-acquisition consolidated BS			JBL Capital issued on purchase of HML	JBL investment in HML	HML investment in JBL	HML investment in JB Financial Group	HML to JBL loan	Mgmt fee and broker fee payable	Post- acquisition consolidated BS
Assets	31 Dec 2018									31 Dec 2018
Current assets										
Cash and cash equivalents	19,359,871	1,415,763								20,775,634
Trade and other receivables	2,850,298	-						(149,154)		2,701,144
Balances held with brokers	2,464,596	6,932								2,471,528
Inventory	45,999	-								45,999
Derivative financial assets	42,520	-								42,520
Term deposits	732,833	-								732,833
Purchased debt ledgers	147,026	-								147,026
Other current assets	1,083,863	204,152								1,288,015
Total current assets	26,727,006	1,626,847								28,204,699
Non-current assets										
Investment in subsidiary	-	-	29,408,515	(29,408,515)						0
Investments at fair value through profit and loss	3,570,191	30,108,905		(3,196,734)	(33,000)	(30,027,597)				421,765
Property, plant and equipment	5,320,403	-								5,320,403
Intangibles	42,798,044	-								42,798,044
Deferred tax	8,975,614	-								8,975,614
Purchased debt ledgers	348,624	-								348,624
Security deposits	887,749	-								887,749
Loans receivable	-	2,464,729						(2,464,729)		0
Total non-current assets	61,900,625	32,573,634								58,752,199
Total assets	88,627,631	34,200,481								86,956,898
Liabilities										
Current liabilities										
Trade and other payables	18,785,362	280,265						(149,154)		18,916,473
Borrowings	3,530,121	-								3,530,121
Income tax	587,613	207,398								795,011
Provisions	1,018,149	-								1,018,149
Total current liabilities	23,921,245	487,663								24,259,754
Non-current liabilities										
Payables	265,255	-								265,255
Borrowings	21,577,203	-						(2,464,729)		19,112,474
Derivative financial instruments	556,079	-								556,079
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								24,384,563

Total liabilities	49,655,902	1,602,298						48,644,317
Net assets	38,971,729	32,598,183						38,312,581
Equity								
Issued capital	20,875,481	32,614,781	24,377,754	(32,614,781)				45,253,235
Reserves	(10,263,130)	-		9,532	(33,000)	(10,804,731)		(21,091,329)
Accumulated losses	(8,226,750)	(16,598)	5,030,761					(3,212,587)
Equity attributable to the owners	2,385,601	32,598,183						20,949,319
Non-controlling interest	36,586,128	-				(19,222,866)		17,363,262
Total equity	38,971,729	32,598,183						38,312,581

Pro Forma Consolidated Balance Sheet assuming JBL acquires 50.1% of HML

	John Bridgeman Limited (JBL)	Henry Morgan Limited (HML)			Consolidation eliminations					John Bridgeman Limited (JBL)
	Pre-acquisition consolidated BS			JBL Capital issued on purchase of HML	JBL investment in HML	HML investment in JBL	HML investment in JB Financial Group	HML to JBL loan	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								20,775,634
Trade and other receivables	2,850,298	-						(149,154)		2,701,144
Balances held with brokers	2,464,596	6,932								2,471,528
Inventory	45,999	-								45,999
Derivative financial assets	42,520	-								42,520
Term deposits	732,833	-								732,833
Purchased debt ledgers	147,026	-								147,026
Other current assets	1,083,863	204,152								1,288,015
Total current assets	26,727,006	1,626,847								28,204,699
Non-current assets										
Investment in subsidiary	-	-	14,733,666	(14,733,666)						0
Investments at fair value through profit and loss	3,570,191	30,108,905			(3,196,734)	(33,000)	(30,027,597)			421,765
Property, plant and equipment	5,320,403	-								5,320,403
Intangibles	42,798,044	-								42,798,044
Deferred tax	8,975,614	-								8,975,614
Purchased debt ledgers	348,624	-								348,624
Security deposits	887,749	-								887,749
Loans receivable	-	2,464,729						(2,464,729)		0
Total non-current assets	61,900,625	32,573,634								58,752,199
Total assets	88,627,631	34,200,481								86,956,898
Liabilities										
Current liabilities										
Trade and other payables	18,785,362	280,265						(149,154)		18,916,473
Borrowings	3,530,121	-								3,530,121
Income tax	587,613	207,398								795,011
Provisions	1,018,149	-								1,018,149
Total current liabilities	23,921,245	487,663								24,259,754
Non-current liabilities										
Payables	265,255	-								265,255
Borrowings	21,577,203	-						(2,464,729)		19,112,474
Derivative financial instruments	556,079	-								556,079
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								24,384,563
Total liabilities	49,655,902	1,602,298								48,644,317
Net assets	38,971,729	32,598,183								38,312,581
Equity										
Issued capital	20,875,481	32,614,781	10,893,885	(32,614,781)						31,769,366
Reserves	(10,263,130)	-		14,684,381	(33,000)	(16,630,740)				(12,242,489)
Accumulated losses	(8,226,750)	(16,598)	3,839,781							(4,403,567)
Equity attributable to the owners	2,385,601	32,598,183								15,123,310
Non-controlling interest	36,586,128	-					(13,396,857)			23,189,271
Total equity	38,971,729	32,598,183								38,312,581

7.4 Pro Forma adjustments and transaction assumptions

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

General

The pro forma information has been prepared in accordance with Australian Accounting Standards Board and also complies with International Financial Reporting Standards, reflecting the accounting policies of JBL. It has not been audited.

The pro forma information has been prepared by aggregating the balance sheets of JBL and HML as at 31 December 2018.

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

In relation to the non-controlling interest (**NCI**) calculation, the NCI from the pro forma consolidated balance sheets as at 31 December 2018 is adjusted for the elimination of HML's investment in JB Financial Group. The closing balance sheet position is calculated after taking into account JBL's purchase of 50.1% (or 100%) of HML's direct and indirect holding in JB Financial Group, thereby reducing the NCI by this percentage.

HML acquisition

Financial information about HML has been obtained from publicly available sources. JBL is not aware of any events subsequent to the HML half-year balance date of 31 December 2018 which would materially alter the Pro Forma Balance Sheets.

The Pro Forma Balance Sheets assume the acquisition of HML by JBL had been completed by that date. The actual date of the acquisition will be at a later date or dates. 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 HML on completion of the acquisition.

The Pro Forma Balance Sheets are based on the assumption that the fair value of assets (other than intangible assets) and liabilities of HML 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.

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.

The accounting policies of JBL and HML are similar and consistent in all material aspects.

Deferred tax assets and deferred tax liabilities have been calculated by assuming that:

- (a) JBL will acquire 100% of HML, and HML will join the JBL tax consolidated group;
- (b) JBL will be entitled to an income tax deduction for tax losses transferred from HML to JBL on acquisition, subject to the available fraction method; and
- (c) JBL will recognise a deferred tax asset for HML's existing tax losses of approximately \$14,929,148, resulting in a deferred tax asset of approximately \$4,478,744.

7.5 Prospective financial information of the Merged Group

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.

8 JBL's intentions

8.1 Introduction and important note

This section sets out JBL's current intentions for:

- (a) the continuation of HML's business;
- (b) any major changes to be made to HML's business, including any redeployment of the fixed assets of HML; and
- (c) the future engagement of the present board and executive team of HML.

JBL's current intentions for HML have been formed following a review of facts, information and circumstances about HML that were either publicly available at the date of this Bidder's Statement or provided by HML during the course of limited due diligence enquiries. Statements set out in this section are statements of current intention only which may change as new information becomes available or circumstances change.

Following the close of the Offer, it is JBL's intention to undertake a further detailed review of the operations, assets, structure and employees of HML (based on information available to JBL, HML has no fixed assets or employees). The objective of the detailed review will be to:

- (a) evaluate the performance, prospects and strategic relevance of the HML business and assets to JBL;
- (b) consider whether to realise any of HML's investments and make a return of capital;
- (c) explore other investment strategies for HML; and
- (d) make appropriate provisions for any of HML's ongoing liabilities.

This review may result in the modification or curtailment of some of HML's existing projects and activities.

Only upon completion of the detailed review, and in light of all material facts and circumstances will JBL finally determine its intentions for HML and will take the action as it considers desirable to achieve optimum integration and synergies.

8.2 Intentions upon acquisition of 90 percent or more of HML Shares

This section sets out JBL's current intentions if it acquires 90 percent or more of the HML Shares and is entitled to proceed to compulsory acquisition of the outstanding HML Shares.

Compulsory acquisition

If it becomes entitled to do so, JBL intends to compulsorily acquire any outstanding HML Shares under section 661B Corporations Act.

In those circumstances, JBL is also entitled to acquire HML Shares issued after the Offer closes but before the compulsory acquisition notice is given (under section 661A(4)(b) Corporations Act) and on exercise of the HML Options, up to six weeks after the notices are given (under section 661A(4)(c) Corporations Act).

JBL also has the right, under part 6A.2 Corporations Act, to seek to compulsorily acquire any of the HML Options which it has not acquired or have not been exercised if JBL:

- (a) achieves 90 percent voting power in HML; and

- (b) holds full beneficial interests in at least 90 percent by value of all securities of HML that are either HML Shares or convertible into HML Shares.

Amend HML constitution

JBL intends to amend the constitution of HML to reflect its status as a wholly-owned subsidiary of JBL and will seek to convert HML from a public company to a proprietary company.

ASX listing

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

Directors

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

Those nominees have not yet been identified by JBL. Profiles for each of the Directors of JBL are set out in section 4.4.

Operations

Based on information available to JBL, HML has no fixed assets. In terms of HML's operations, JBL intends to:

- (a) evaluate the performance, prospects and strategic relevance of HML investments to JBL;
- (b) consider whether to realise any of HML's investments and make a return of capital;
- (c) explore other investment strategies for HML; and
- (d) make appropriate provisions for any of HML's ongoing liabilities.

Employees

Based on information available to JBL, HML has no employees.

8.3 Intentions upon acquisition of between 50 percent and 90 percent of HML Shares

This section sets out JBL's current intentions if, by virtue of acceptance of the Offer, it was to gain effective control of HML but was not entitled to proceed to compulsory acquisition of the outstanding HML Shares. In such circumstances, JBL:

- (a) would have control of a voting majority in HML;
- (b) would have the power to pass or block ordinary resolutions;
- (c) would have the power to block special resolutions; and
- (d) as a result of the above, would be in a position to control the composition of HML's board.

In such a situation, it is JBL's current intention to reduce the number of directors of HML to three. JBL has not currently determined the identity of those directors and would do so at the relevant time.

Compulsory acquisition

If JBL does not become entitled to compulsorily acquire HML Shares 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 HML Shares if it becomes entitled to do so.

ASX listing

ASX guidance indicates that ASX would likely approve an application for HML 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 Offer, JBL owns or controls at least 75% of the HML Shares and the Offer remained open for at least two weeks after JBL attained ownership or control of at least 75% of the HML Shares; and
- (b) the number of HML Shareholders (other than JBL) having holdings with a value of at least \$500 is fewer than 150.

In addition, ASX guidance indicates that ASX would likely approve an application for HML 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 Offer, JBL would be entitled to vote on the resolution approving the removal. JBL intends to apply to ASX for HML 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.

8.4 Directors

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

8.5 Intentions generally (including about matters at section 8.2 above)

If, following the close of the Offer, HML becomes a controlled entity but not a wholly owned subsidiary of JBL, it is the present intention of JBL to procure that the new HML Board implements the objectives and goals outlined in section 8.2 to the extent possible and appropriate.

8.6 Limitations on intentions

To the extent that HML is not a wholly owned subsidiary of JBL and there are minority shareholders of HML, JBL intends to ensure that the JBL nominees appointed to the board of HML 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.

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.

8.7 Intentions upon acquisition of less than 50 percent of HML Shares

JBL will endeavour to implement its intentions as it has outlined in section 8.3 to the extent to which it is able to do so, subject to the limitations identified in section 8.3.

8.8 Intentions generally

Except for the changes and intentions set out in this section 8, JBL intends, based on the information presently known to it:

- (a) to continue the business of HML; and
- (b) not to make any major changes to the business of HML.

9 Risks

Before deciding whether to accept the Offer, you should read this entire Bidder's Statement carefully.

HML Shareholders will receive JBL Shares as consideration under the Offer. The value of JBL Shares will depend on the future performance of JBL and the market price of JBL Shares from time to time. The future performance of JBL may be influenced by factors associated with investing in both the Investment Management industry and listed securities generally which are beyond the control of JBL.

HML Shareholders should be aware of the following key risks that may affect the performance of the Merged Group and the value of JBL Shares issued as the Offer Consideration.

9.1 General risks

The price at which JBL Shares trade on NSX may be determined by a range of factors including movements in local and international equity and bond markets, general investor sentiment in those markets, inflation, interest rates, general economic conditions and outlooks and changes in the supply of, and demand for, Investment Management industry securities.

The market for JBL Shares may also be affected by a wide variety of events and factors including variations in JBL's operating results, recommendations by securities analysts, and the operating and trading price performance of other listed Investment Management industry entities that investors consider to be comparable to JBL. Some of these factors could affect JBL's share price regardless of JBL's underlying operating performance.

9.2 Specific business risks associated with JBL

Set out below are examples of risks associated with JBL. In determining these risks, the Directors have concentrated on risks attaching specifically to an investment in JBL as compared to risks of the Investment Management industry and HML, to which HML Shareholders are already exposed.

Funding risk

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.

Manager risk

There is a risk that JBL will not be able to achieve its objective as investment manager of the entities for which it acts in this capacity. Its ability to do so will depend on a range of factors, including its portfolio selection, the skills of JBL's Chief Investment Officer, the timing of investment strategies and the actual performance of investments.

Dependence on key personnel

JBL depends on the talent and experience of its Personnel as its primary asset. There may be a negative impact on JBL if any of its key Personnel leave. It may be difficult to replace them, or to do so in a timely manner or at comparable expense. Additionally, any key Personnel of JBL who leave to work for a competitor may adversely impact JBL.

In summary, JBL's ability to attract and retain Personnel will have a direct correlation upon its ability to deliver its project commitments and achieve forecast revenues. Additionally, increases in recruitment, wages and contractor costs may adversely impact upon the financial performance of JBL.

Liquidity

The level of liquidity on the NSX market has the potential to be lower than on larger, established markets. As a result, the number of investors willing to buy and sell securities quickly at any particular time is potentially less than other markets, such as ASX.

As at the date of this document, JBL has 319 shareholders.

Historically, JBL Shares have traded as follows:

Period	Number of shares	VWAP for the Period
January to June 2016	8,000	\$1.36
July to December 2016	687,000	\$1.52
January to June 2017	296,500	\$2.26
July to December 2017	51,000	\$2.06
January to June 2018	15,750	\$2.00
July to December 2018	481,761	\$1.56
January 2019 to the date of this Bidder's Statement	0	-

Historical performance is not necessarily an indicator of future performance.

Depending on the level of acceptances under the Offer, the level of trading in JBL securities may or may not be affected.

JBL considers that the larger combined shareholder base of JBL and former HML Shareholders, in addition to the larger market capitalisation of JBL following the successful completion of the Offer, will provide for increased liquidity in JBL Shares.

Financial market volatility

A fall in global or local equity markets, global or local bond markets or lack of change in the value of the Australia dollar against other major currencies may discourage investors from moving money into or out of equity markets. This may have a negative effect on the price at which JBL Shares and options trade and the value of JBL's assets.

Derivatives Risk

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, JBL 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). JBL employs derivatives for investment, hedging, leverage and investment implementation and exit purposes.

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 JBL. JBL 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 JBL enters into any derivative transaction with any other counterparty, it will seek to ensure the counterparty is creditworthy and viable.

JBL will predominately employ exchange-traded derivatives, but may use over the counter derivatives if considered appropriate and prudent.

Short Selling Risk

JBL does not engage in short-selling physical assets but may hold short futures positions. In taking short positions, JBL bears the risk of an increase in price of the underlying investment over which the short position is taken. Such an increase could lead to a substantial loss.

Dependence on Key Contracts

In the event the investment management agreements to manage HML, BHD, Bartholomew Roberts or JB High Alpha Fund were terminated, this would have a material detrimental effect on the income of JBL. In these circumstances, the Board of JBL would assess alternate options including investment of JBL's own capital directly in global markets, seeking other investment mandates or returning cash to Shareholders if that was in the best interests of Shareholders. The material terms of those agreements are summarised in section 4.2.

Manager Risk

There is no guarantee that JBL will achieve its performance objectives, produce returns that are positive, or compare favourably against its peers. Many factors can negatively impact JBL's ability to generate returns from its investment process (for example, loss of key Personnel). There is significant competition among quantitative investment managers and JBL's ability to deliver returns that have a low correlation with global aggregate equity markets and other market participants is dependent on its ability to employ an investment system that is simultaneously profitable and differentiated from those employed by other managers. To the extent that JBL is not able to develop a sufficiently differentiated investment system, JBL's investment objective may not be met. The growth in assets managed in accordance with similar investment strategies may result in JBL and other market participants inadvertently buying and selling the same or similar investments simultaneously, which may reduce liquidity and exacerbate market movements. JBL may then be subject to an increased risk of suffering substantial losses.

In addition, performance and management fees generated by JBL as an investment manager comprise a significant portion of the revenue generated by JBL. If JBL is unable to generate sufficient performance and management fees under its investment management agreements, or these agreements are terminated, this is likely to have a material adverse effect on JBL.

HML shareholders should also be aware that the most recent audit opinions of JBL and JB Financial Group refer to a material uncertainty regarding going concern. Refer to sections 4.3 and 4.5 of this document.

Investment risk

JBL may invest in companies with a limited trading history or which are unlisted. JBL's current investment portfolio is heavily focussed on investments in unlisted companies which may mean that achieving a return on investment is more difficult than obtaining a return on investments in larger capitalised or listed companies. For example, JBL's investment in JB Financial Group constitutes approximately 40% of JBL's investment portfolio. JB Financial Group is unlisted, and its business divisions comprise businesses within the financial services industry. While risk management and due diligence procedures can minimise these risks, they may be material and significant.

Concentration Risk

Concentration risk is the risk that poor performance in a particular market may significantly affect JBL. Although JBL can invest in many markets at any given time, it may only be invested in a small number of markets. Generally, the fewer markets in which JBL invests, the greater the overall volatility of JBL. This may result in large movements in the Share price of JBL within short periods of time.

In addition, JBL's investment in JB Financial Group constitutes approximately 40% of JBL's investment portfolio. JB Financial Group is unlisted, and its business divisions comprise businesses within the financial services industry. This concentrates risk on the financial services industry.

Risks associated with the retail food industry

As indicated above, JBL has invested approximately \$14 million in Bartholomew Roberts Pty Ltd, which owns two global franchise brands for the Australian and New Zealand territories: Johnny Rockets and Wingstop.

There are various risks associated with an investment in the retail food industry. These include risks relating to:

- concentration risk: if similar restaurants or food and beverage stores are located in a nearby area, there is a risk that these brands will not generate as much revenue as planned;
- property risk: the price of real estate may rise and fall, having an impact on a franchisee's ability to purchase or lease suitable premises at an affordable price;
- market disruptors (in particular in the form of delivery aggregators) may make it difficult to achieve forecast development of stores;
- rising inflationary costs may place pressure on the business, due to landlord rents, labour and electricity costs; and
- there is a risk that additional capital expenditure and funding will be required to roll out the development plan.

Foreign Exchange Risk

The investments of JBL may include overseas investments that will be subject to exchange rate volatility, which will generally not be hedged by JBL. There is a risk that adverse movements in exchange rates could reduce the value of the assets of JBL.

Default Risk

Issuers or entities upon which JBL's investments depend may default on their obligations, for instance by failing to make a payment when due. Such parties can include futures exchanges, derivatives counterparties, brokers (including clearing brokers), foreign exchange counterparties and, deposit taking banks. Default on the part of an issuer or counterparty could result in a financial loss to JBL.

Regulatory and Legal Risk

Governments or regulators may pass laws, create policy, or implement regulation that affects JBL or the assets of JBL. Such initiatives impact either a specific transaction type or market, and may be either country specific or global. Such changes may result in JBL failing to achieve its investment objectives. Similarly, taxation, corporate and regulatory laws may change in the future, affecting investors' rights and investment returns.

Liquidity Risk

Investments 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.

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.

Market Risk

Changes in the prices of futures positions held by JBL may result in loss of principal or large movements in the Share price of JBL within short or long periods of time. Global and local economic, financial, political, technological and environmental factors can drive changes in the prices of futures positions. It is not possible to predict the occurrence or magnitude of these and other potentially relevant factors. Different factors may affect the price of individual futures positions, particular asset classes (such as shares, bonds, interest rates, currencies and commodities) or futures positions generally at different times.

Leverage Risk

Leverage risk arises when JBL takes on positions that are greater in size than its assets. JBL will take leveraged positions with the aim of increasing returns which can also lead to increased losses. Leverage arises in JBL through taking both long and short futures positions which are larger in size than the net asset value of JBL. While this process forms a key part of the investment strategy, it may mean that gains and losses may be significantly greater than those in a company that is not leveraged. JBL employs significant leverage and this may result in a loss of some or all of JBL's capital.

Strategy, Model and Research Risk

JBL's investment approach is based on the Investment Manager's experience and research into past data and the application of that research to the development of mathematical models that attempt to forecast returns, risk, correlation and transaction costs. Many of these models are trend following models that attempt to identify and exploit reality but they may be incomplete and/or flawed and there is an inherent risk that any forecasts derived from them may be inaccurate, particularly if the research or models are based on, or incorporate, inaccurate assumptions or data. Assumptions or data may be inaccurate from the outset or may become inaccurate as a result of many factors such as, changes in market structure, increased government intervention in markets or growth in assets managed in accordance with similar investment strategies. In particular, such factors may make the Investment Manager's trend following models less effective because they may lessen the prospect of identified trends occurring or continuing in the future. As a result of the foregoing, the investment system implemented by JBL may not generate profitable trading signals and JBL may suffer a loss.

Collateral Risk

JBL enters into derivatives arrangements that require it to deliver collateral to the derivative counterparty through the futures exchange. As such, JBL may be exposed to certain risks in respect of that collateral, including that, JBL:

- (a) will be required to post initial margin/collateral to the derivative counterparty via the futures exchange in the form of cash. JBL will need to have sufficient liquid assets to satisfy this obligation;
- (b) may from time to time, if the value of the derivative arrangements move against it, be required to post variation margin/collateral with the derivatives counterparty via the futures exchange on an ongoing basis. JBL will need to have sufficient liquid assets to satisfy such calls, and in the event it fails to do so, the counterparty may have a right to terminate such derivatives arrangements; and
- (c) may be subject to the credit risk of the counterparty and the futures exchange. In the event the counterparty or futures exchange becomes insolvent at a time it holds margin/collateral posted with it by JBL, JBL will be an unsecured creditor and will rank behind other preferred creditors.

Authorised Representative

JBL is an authorised representative of JB Markets Pty Ltd ACN 123 876 291, an Australian Financial Services Licensee No. 323182. As an authorised representative JBL is permitted to undertake securities trading and funds management activities. There is a risk that changes to the regulatory framework or decisions of the Australian Securities and Investments Commission may result in JB Markets Pty Ltd losing its Australian Financial Services Licence. The directors of JB Markets Pty Ltd may also decide to cancel its licence or no longer authorise JBL to be its authorised representative. This would mean that JBL would cease to be an authorised representative of JB Markets Pty Ltd and may not be able to undertake the activities that it currently does. JBL is confident that it will be in a position to be an authorised representative of an Australian Financial Services Licensee, whether that be JB Markets Pty Ltd or another licensee.

9.3 Transaction specific risks

Effect of acceptance

HML Shareholders who accept the Offer will not be able to trade their HML Shares on the ASX (subject to the lifting of the suspension of trading in HML Shares) or withdraw their acceptance of the JBL Offer.

As at the date of this Bidder's Statement, HML Shares remain suspended from trading on the ASX.

Issue of JBL Shares as consideration

The JBL Offer comprises a specified number of JBL Shares in consideration for each HML Share, rather than a specified value of JBL Shares. Accordingly, the value of the consideration may fluctuate depending on the value of the JBL Shares from time to time.

Further, if current JBL Shareholders or current HML Shareholders who accept the JBL 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.

This means that the market value of JBL Shares at the time they are issued to HML Shareholders who accept the JBL Offer may vary significantly from their market value on the date of acceptance of the JBL Offer. This could result in the value of the consideration to HML Shareholders increasing as well as decreasing.

There is also a risk that HML Shareholders who accept the Offer and become JBL Shareholders may receive materially less value where JBL obtains less than 50.1% ownership in HML. In those circumstances, HML may not be considered to be an entity which JBL controls for accounting purposes and may not be consolidated within JBL's accounts).

In contrast, if JBL obtained voting power of more than 50% in HML, HML would be consolidated into JBL's accounts, and therefore increase the value of JBL's balance sheet.

Less than 100 percent ownership

It is possible that JBL may not acquire all HML Shares under the Offer. 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 HML could have an impact on JBL's intentions regarding HML (refer to sections 8.2 to 8.8).

Taxation risks

JBL cannot give advice on the tax consequences of the Offer, which will depend on the specific circumstances of each HML Shareholder.

A criterion for the availability of CGT rollover relief is that JBL increases its holding of HML Shares to at least 80 percent as a result of the Offer. There is a risk that JBL will not receive sufficient acceptances under the Offer to meet this criterion and CGT rollover relief may not be available to HML Shareholders.

JBL will notify all HML Shareholders if it receives sufficient acceptances to satisfy this requirement.

Reporting risks

JBL has assumed that HML has met all of its 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 consideration payable for the Offer consists of JBL Shares, the interests of existing JBL Shareholders (which may include HML Shareholders following completion of the Offer) will be diluted to some degree.

9.4 Specific business risks associated with HML

Listed investment company risks

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:

- domestic and international financial markets;
- domestic and international economic and political events;
- the applicable regulatory environment in Australia and internationally.

Liquidity risk

There is a risk that HML'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.

As at the date of this Bidder's Statement, trading in HML is also suspended from ASX (and has been suspended since 9 June 2017). Accordingly, there is the risk that, were JBL to attempt to sell any of its interest in HML (following conclusion of the Offer), it may not be able to do so expeditiously.

Market risk

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:

- general economic conditions, including changes in inflation rates, short-term or long term interest rates, exchange rates and commodity prices;
- variations in the local and global markets for listed securities;
- domestic and international economic conditions;

- changes in investor confidence generally and in relation to specific sectors of the market;
- natural disasters, global hostilities and acts of terrorism;
- changes to government policy, legislation or regulation including in relation to taxation and other policy changes; and
- the inclusion or removal of stocks from major market indices.

Currency risk

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 portfolio.

Foreign exchange fluctuations may have a positive or adverse impact on the investment returns of HML. 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. HML may also hedge the exposure of the other investments in 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.

Derivatives risk

There is a risk that the use of derivatives can have a negative impact on HML'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.

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 HML:

- to offset the risk of price variations of securities;
- as an alternative to purchasing the underlying security;
- to seek to take advantage of any opportunities for profit which may exist in the market from time to time; and
- in the management of currency and interest rate risk.

In all cases, there will be cash and/or underlying assets available to meet the exposure positions of the derivative instruments.

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, HML 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). HML employs derivatives for investment, hedging, leverage and investment implementation and exit purposes.

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 HML. HML 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 HML enters into any derivative transaction with any other counterparty, it will seek to ensure the counterparty is creditworthy and viable.

9.5 Risk associated with the Merged Group

Implementation risks

There is a risk that less than 50.1 percent of HML Shareholders will accept the Offer. Where less than 50.1 percent of HML Shareholders accept the Offer, there is a risk that HML Shareholders who accept the Offer and become JBL Shareholders will receive materially less value (which arises as JBL may hold a less than 50.1% interest in a listed investment company). This means that JBL's interest in HML may be classified as an equity investment of JBL, rather than as an entity which JBL controls and which may be consolidated for the purposes of JBL's accounts.

There is also a risk that less than 90 percent of HML Shareholders will accept the JBL Offer. If this occurs, JBL will not be able to proceed to compulsory acquisition of 100 percent of HML.

Depending on the ultimate shareholding of HML, this could result in a situation where HML remains listed on ASX, but JBL holds a substantial holding in HML.

JBL Shares

Under the JBL Offer, HML Shareholders are issued with JBL Shares in consideration for the transfer of HML Shares. The share price performance of a listed company such as JBL, is subject to general fluctuations in the share market. These fluctuations can result from a wide variety of factors, some of which are beyond the control of JBL, including:

- changes in market conditions for derivatives and listed securities;
- general economic and business conditions; and
- changes in regulatory and government policy.

9.6 General risks

Regulation and publicity

Changes in the regulatory environment for listed investment companies, including amendments to the Corporations Act, ASX Listing Rules and Guidance Notes, NSX Listing Rules, ASIC policy and their practical application may impact on the investments of JBL and HML, and the ability of those companies to achieve their objectives. This may impact on the value of JBL Shares and HML Shares.

Changes in tax and accounting policies

Accounting policies and taxation laws are in a continual state of change and reform which may affect HML, JBL, and their shareholders. Changes to these laws may adversely affect the financial performance and/or the returns achieved by shareholders in JBL or HML.

Economic conditions

There is a risk that returns may be adversely affected by instability in local or global market conditions. The following economic conditions which may impact the financial position and performance of JBL and HML include national and international markets and economic growth, industry change, interest rates, inflation, exchange rates, and changes to government economic policy.

Currency risk

Shareholders who reside outside of Australia should be aware of the impact that fluctuations in exchange rates may have on the value of their investments and returns.

Forward looking statements

Certain information contained in this Bidder's Statement may constitute forward looking information that is subject to risks, uncertainties and various assumptions.

10 Tax considerations

10.1 Introduction

The following is a summary of the potential Australian income tax consequences generally applicable to a HML Shareholder who disposes of HML Shares under the Offer. This summary is based on the law and practice in effect on the date of this Bidder's Statement.

The following summary is not intended to be an authoritative or complete statement of the tax law applicable to the specific circumstances of every HML Shareholder.

In particular the summary is only applicable to HML Shareholders that are Australian residents for income tax purposes and hold their HML Shares on capital account for income tax purposes. This summary does not apply to HML Shareholders that hold their HML Shares in the course of a business of trading or dealing in securities. The summary does not apply to HML Shareholders who acquired their HML Shares as part of an employee share scheme operated by HML.

All HML Shareholders are advised to seek independent professional advice about their particular circumstances and non-resident HML Shareholders should seek their own advice on the Australian and foreign taxation consequences of any sale of their HML Shares.

10.2 CGT consequences on the disposal of HML Shares

A HML Shareholder that accepts the Offer and whose HML Shares are subsequently transferred to JBL, is taken to have disposed of their HML Shares for Australian capital gains tax (**CGT**) purposes. Shareholders make a capital gain equal to the amount by which the Offer consideration exceeds the cost base that the HML Shareholder has for the HML Shares. Subject to the availability of the CGT discount (see below) and any losses available to be offset against the capital gain, this amount is included in the HML Shareholder's taxable income.

A HML Shareholder will alternatively make a capital loss equal to the amount by which the reduced cost base of the HML Shares exceeds the Offer consideration. A capital loss may be used to offset a capital gain made in the same income year or be carried forward to offset a capital gain made in a future income year, subject to the satisfaction of certain loss recoupment tests applicable to companies and trusts.

Cost base of HML Shares generally

The cost base of HML Shares would generally be equal to the amount the relevant HML Shareholder paid to acquire the HML Shares which includes certain incidental costs of the acquisition (such as brokerage).

10.3 CGT discount

Any HML Shareholder who is an individual, the trustee of a trust or a complying superannuation entity may be entitled to claim the CGT discount in calculating any capital gain provided that:

- (a) the HML Shares were acquired at least 12 months before disposal to JBL;
- (b) the HML Shareholder did not choose to index the cost base of their HML Shares; and
- (c) the CGT discount is applied to the capital gain after any available capital losses are first offset against that capital gain.

The CGT discount allows a HML Shareholder who is an individual or the trustee of a trust to discount the capital gain by 50 percent and include 50 percent of the capital gain in the taxable income of that individual or trust.

A HML Shareholder that is a complying superannuation entity may discount the capital gain by 33⅓ percent and include 66⅔ percent of the capital gain in the taxable income of that complying superannuation entity.

The CGT discount is not available to a HML Shareholder that is a company.

10.4 CGT rollover

Where JBL acquires 80% of the Shares in HML, a HML Shareholder may be eligible to choose for CGT rollover relief to apply to their disposal of HML Shares under the scrip for scrip rules so that any CGT payable on the disposal is deferred. Whether the rollover is available depends on the individual circumstances of each Shareholder. Also, if JBL does not receive acceptances for 80% of the Shares in HML and acquires those Shares, the rollover relief will not be available.

If a HML Shareholder is eligible and chooses to apply the scrip for scrip rules, JBL Shares received by the HML Shareholder should have a cost base equal to the cost base of the original HML Shares. The cost base will be relevant in determining any future CGT liability on the subsequent disposal of the JBL Shares.

In certain circumstances, it may be necessary for JBL to make a joint election with HML Shareholders in order for CGT rollover relief to apply. To the extent a joint election is necessary for rollover relief to apply then, at the request of the HML Shareholder and provided the HML Shareholder has informed JBL in writing of the cost base of their HML Shares, JBL will make the joint election.

Also, JBL will not make any choice or election under the CGT rollover provisions to prevent HML Shareholders from obtaining CGT rollover relief.

10.5 Stamp duty and GST

HML Shareholders who dispose of their HML Shares under the Offer are not expected to incur any Australian stamp duty or be subject to GST on that disposal.

10.6 Obtain your own taxation advice

Do not rely on the comments or the statements contained in this Bidder's Statement as advice about your own affairs. The taxation laws are complex and there could be implications in addition to those generally described in this Bidder's Statement.

Accordingly, consult your own tax advisers for advice applicable to your individual needs and circumstances. To the extent permitted by law, JBL does not accept any responsibility for tax implications for individual HML Shareholders.

JBL is not a registered tax agent under the *Tax Agent Services Act 2009* (Cth) and cannot provide tax advice to specific HML Shareholders. HML Shareholders should obtain tax advice from a registered tax agent on the consequences of accepting the Offer.

11 Important documents

11.1 Bid Implementation Agreement

On 10 September 2018, JBL and HML entered into a Bid Implementation Agreement for the proposed takeover bid by JBL for all the HML Shares.

The terms of the Bid Implementation Agreement include:

- (a) HML Voting Directors recommend that HML Shareholders accept the Offer, unless there is a Superior Proposal, and subject to;
 - (i) HML's due diligence on JBL;
 - (ii) the matters details in the independent expert's report prepared on the instructions of HML's Voting Directors for the purposes of considering the Offer; and
 - (iii) the assessment of the Offer by the independent expert; and
- (b) until the end of the Offer Period, HML must comply with the no shop, no due diligence, no talk and no termination conditions.

Exclusivity and other limitations

HML has agreed not to:

- (a) take any action which may lead to a Competing Proposal (no shop condition);
- (b) permit due diligence on itself or its Subsidiaries (no due diligence condition); or
- (c) negotiate or enter into discussions about a Competing Proposal or respond to a Competing Proposal (no talk condition).

The no talk condition does not prevent a person from doing something with respect to a possible Competing Proposal if, based on the written opinion of HML's legal advisers, that action or omission is or may reasonably be expected to involve a breach of the fiduciary duties of the HML Directors or be otherwise unlawful.

The Bid Implementation Agreement is attached to JBL's announcement of the Offer lodged with NSX on the Announcement Date.

11.2 Investment management agreements

A summary of the material terms of JBL's investment management agreements is contained in section 4.2.

12 Additional information

12.1 JBL is a disclosing entity

As JBL is offering JBL Shares as consideration for the acquisition of HML Shares, the Corporations Act requires that this Bidder's Statement includes all information that would be required for a prospectus for an offer of JBL Shares under sections 710 to 713 Corporations Act. JBL does not need to issue a separate prospectus for the offer of the JBL Shares as the offer occurs under a takeover bid.

JBL is a disclosing entity (as defined in section 111AC of the Corporations Act) for the purposes of section 713 Corporations Act that is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, JBL is required to continuously disclose to the market any information it has which a reasonable person would expect to have a material effect on the price or the value of JBL's securities.

JBL Shares have been quoted on NSX during the 12 months before the date of this Bidder's Statement. For this reason, JBL is only required to disclose information in this Bidder's Statement that would usually be required where its shares have been continuously quoted securities.

In general terms, where JBL's shares are continuously quoted securities the prospectus is only required to contain information on the effect of the Offer on JBL and the rights and liabilities attaching to the JBL Shares. It is not necessary to include general information on all of the assets and liabilities, financial position and performance, profits and losses or prospects of the issuing company unless that information has been excluded from a continuous disclosure notice in accordance with the NSX Listing Rules and it is information that investors and their professional advisers would reasonably require for the purpose of making an informed assessment of those matters and the rights and liabilities attaching to the JBL Shares.

Information that is already in the public domain is not reported in this Bidder's Statement other than that which is considered necessary to make this Bidder's Statement complete. JBL, as a disclosing entity under the Corporations Act, states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with ASIC by JBL (not being documents referred to in section 1274(2)(a) Corporations Act) may be obtained from, or inspected at, an ASIC office; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request during the Offer Period:
 - (i) the financial statements of JBL for the 12 months ended 30 June 2018 (being the annual financial report most recently lodged by JBL with ASIC);
 - (ii) the half-year financial report lodged for the six months ended 31 December 2018 lodged with ASIC by JBL; and
 - (iii) all continuous disclosure notices given by JBL after the lodgement of that annual financial report with ASIC and before the lodgement of this Bidder's Statement with ASIC.

If you would like to receive a copy of any of these documents or publications, please contact JBL's bid information line weekdays between 9.00am and 5.00pm (Sydney time) on 1300 963 991 (Australia only) or +61 1300 963 991 (outside Australia).

Copies of all documents lodged with ASIC in relation to JBL can be inspected at the registered office of JBL during normal office hours. A list of announcements made by JBL on ASX between 1 July 2018 and the date of this Bidder's Statement appears in Schedule 2.

Other than information contained in this Bidder's Statement, there is no information which has been excluded from a continuous disclosure notice in accordance with the NSX Listing Rules and is information that a HML Shareholder or a professional adviser to a HML Shareholder would reasonably require for the purposes of making an informed assessment of:

- (a) the assets and liabilities, financial position and performance, profits and losses and prospects of JBL; or
- (b) the rights and liabilities attaching to the JBL Shares.

None of the information referred to in this section 12.1 is incorporated by reference into this Bidder's Statement or is included with this Bidder's Statement.

12.2 Capital structure of JBL

Current

The total number of JBL Shares on issue is 24,367,704 listed shares.

JBL has granted 24,186,520 options over unissued shares in JBL. A summary of the exercise price and expiry date of each class of options is set out in section 5.4.

JBL has 2,227,850 convertible notes on issue with a face value of \$1.58 per convertible note. The convertible notes mature on 6 April 2022. On conversion, one JBL Share will be issued per convertible note.

The effect of this Offer on JBL's capital structure is set out in section 7.

12.3 Rights and liabilities attaching to JBL Shares

The rights and liabilities attaching to ownership of the JBL Shares arise from a combination of JBL's constitution, statute, the NSX Listing Rules and general law.

A summary of the significant rights and liabilities attaching to JBL's Shares is set out below. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of JBL Shareholders.

Voting at a general meeting

Subject to any shares which may in the future be issued with special or preferential rights, every member present in person at a general meeting of JBL or by proxy, representative or attorney has one vote on a show of hands and, on a poll, one vote for each fully paid JBL Share held. On a poll, partly paid shares confer a fraction of a vote in proportion to the amount paid up on the share.

Meeting of members

Each JBL Shareholder is entitled to receive notice of, attend and vote at meetings of JBL and to receive all notices, accounts and other documents required to be sent to JBL Shareholders under JBL's constitution, the Corporations Act and the NSX Listing Rules.

Dividends

The Directors may authorise the payment to members of dividends as appear to the Directors to be justified by the profits of JBL. Dividends are payable on all JBL Shares in proportion to the amount of the total issue price paid (but not credited) for the JBL Shares. This is subject to any

special or preferential rights attached to any class of shares created after the issue of the JBL Shares. If a fully paid share is on issue for part only of the period in respect of which a dividend is payable, the dividend for that share will be apportioned and paid according to the proportion that the part of that period for which the share is on issue and is fully paid is of the total period for which the dividend is payable.

Transfer of JBL Shares

JBL Shares may be transferred by a proper transfer effected under the ASX Settlement Operating Rules, or by a written instrument of transfer in any usual form or in any other form approved by the Directors.

The Directors may only decline to register a transfer of JBL Shares (other than a proper transfer under the ASX Settlement Operating Rules) where permitted or required to do so under the NSX Listing Rules. If the Directors refuse to register a transfer, JBL must, within five Business Days after the transfer is lodged with JBL, give the party lodging the transfer written notice of the refusal and the reason for refusal. The Directors must decline to register a transfer of JBL Shares when required by the Corporations Act or the NSX Listing Rules.

Issue of further JBL Shares

The Directors may allot, issue, grant options in respect of, or otherwise dispose of, further shares in JBL on terms as they see fit. However, the Directors must act in accordance with the restrictions imposed by JBL's constitution, the Corporations Act, the NSX Listing Rules and any rights for the time being attached to the shares in any special class of those shares.

Winding-up

If JBL is wound up, then, subject to any special rights attaching to any class of shares, JBL Shareholders will be entitled to participate in any surplus assets of JBL in proportion to the amount paid up (or which ought to have been paid up) on their JBL Shares when the winding-up begins.

Unmarketable parcels

Subject to the Corporations Act, NSX Listing Rules and ASX Settlement Operating Rules, JBL may refuse to register a transfer where to do so would create a parcel of shares less than a marketable parcel of shares.

Share buy-back

Subject to the provisions of the Corporations Act and the NSX Listing Rules, JBL may buy back JBL Shares on terms and at times determined by the Directors.

Variation of class rights

Unless otherwise provided by JBL's constitution or by the terms of issue of a class of shares, the rights attaching to any class of shares may be varied or abrogated:

- (a) with the consent in writing of the holders of three-quarters of the issued shares included in that class; or
- (b) with the sanction of a special resolution passed at a separate meeting of the holders of those shares.

In either case, the holders of not less than ten percent of the votes in the class of shares, the rights of which have been varied or abrogated, may apply to a court of competent jurisdiction to exercise its discretion to set aside that variation or abrogation.

Dividend reinvestment plan and bonus share plan

JBL's constitution authorises the Directors to establish and maintain dividend reinvestment plans (whereby any member may elect that dividends payable by JBL be reinvested by way of subscription for shares in JBL) and bonus share plans (whereby any member may elect to forego any dividends that may be payable on all or some of the JBL Shares held by that member and to receive instead JBL Shares).

Indemnities

To the extent permitted by law, JBL indemnifies every officer and former officer of JBL against a liability incurred by the person acting in that capacity. In addition, every officer is indemnified out of the assets of JBL against any liability incurred in defending any civil or criminal proceedings:

- (c) in which judgment is given in favour of the officer, or in which the officer is acquitted; or
- (d) in connection with any application for that proceeding in which relief is granted to the officer under the Corporations Act by the court, and where proceedings are commenced, but are struck out or are in any other manner discontinued or determined otherwise than by a judgment or conviction against the officer.

Alteration of JBL's constitution

JBL's constitution can only be amended by special resolution passed by at least 75 percent of JBL Shareholders present and voting at a general meeting of JBL. JBL must give at least 28 days written notice of its intention to propose a resolution as a special resolution.

12.4 Capital structure of HML

- (a) JBL's Offer is to acquire all of the issued HML Shares.
- (b) At the date of this Bidder's Statement, there are 32,346,922 HML Shares on issue.

12.5 Details of JBL's relevant interests in HML Shares

At the date of this Bidder's Statement, the number of HML Shares in which JBL had a relevant interest is set out below:

Class of securities	Total number in class	% of HML Shares on issue
HML Shares	3,579,811 HML Shares	11.07%

As at the date of this Bidder's Statement JBL has voting power of 11.07% percent in HML.

JBL reserves the right to purchase HML Shares outside the Offer at any time during the Offer Period, subject to the Corporations Act.

12.6 Details of JBL's Directors' relevant interests in HML Shares

At the date of this Bidder's Statement, the Directors of JBL have the following relevant interests in HML Shares:

JBL Director	Relevant interest in HML Shares
Stuart McAuliffe	5,379,811
John McAuliffe	1,800,000

JBL Director	Relevant interest in HML Shares
Ross Patane	15,968

12.7 Voting Directors of HML

JBL understands that Stuart McAuliffe, John McAuliffe and Ross Patane consider it inappropriate that each of them make a recommendation about the Offer on the basis that they are a director of both HML and JBL and hold the relevant interests set out in section 12.6 above in HML. Accordingly, the Voting Directors are:

- (a) Vanessa Gunner; and
- (b) Peter Ziegler.

12.8 Inducing benefits given during previous four months

Except as set out in this Bidder's Statement, neither JBL nor any of its Associates has, during the period of four months before the date of the Offer, or in the period commencing on the date of this Bidder's Statement and ending on the date of the Offer, given, offered or agreed to give, a benefit to another person where the benefit was likely to induce the other person, or an associate, to:

- (a) accept an Offer; or
- (b) dispose of HML Shares,

which benefit was not offered to all HML Shareholders under the Offer.

12.9 Miscellaneous matters

NSX Listing Rules approval

JBL obtained shareholder approval for the Offer on 24 December 2018 in accordance with NSX Listing Rules 6.41 to 6.43.

ASIC relief

Relief instrument 19-0070

JBL obtained ASIC relief on 24 January 2019 from section 620(2) of the Corporations Act, which would otherwise have required JBL to issue JBL Shares under the Offer by 24 January 2019 (**Relief Instrument**). At such time, JBL was subject to interim orders of the Takeovers Panel which restricted JBL from processing acceptances (and accordingly JBL was unable to comply with the requirements of section 620(2)).

As those interim orders are no longer in force and all acceptances previously received by JBL to which the Relief Instrument related have been cancelled, the Relief Instrument is of no further effect to acceptances received in future by JBL.

General

ASIC has published various class order instruments providing for modifications and exemptions that apply generally to all persons, including JBL, about the operation of chapter 6 Corporations Act. JBL may rely on this class order relief.

JBL has relied on the modification to section 636(3) Corporations Act in paragraph 5(d) of ASIC Class Order 13/521 'Takeover Bids' to include references to certain statements in documents lodged with ASIC and NSX without obtaining the consent of the persons to whom those statements are attributed.

As required by Class Order 13/521, JBL will make available a copy of the documents containing these statements (or relevant extracts from these documents), free of charge to HML Shareholders who request them before the end of the Offer Period. To obtain a copy of these documents (or the relevant extracts) HML Shareholders should contact the shareholder information line on 1300 963 991 (or +61 1300 963 991 for overseas domiciled holders) between 9.00am and 5.00pm (Sydney time) Monday to Friday.

Other regulatory matters

JBL is not aware of any other Regulatory Approval which is required for it to acquire control or ownership of HML.

12.10 Foreign Shareholders

If you are a Foreign Shareholder, unless JBL otherwise determines that:

- (a) it is lawful and not unduly onerous and not unduly impracticable to make the Offer to you and to issue you with JBL Shares on acceptance of the Offer; and
- (b) it is not unlawful for you to accept the Offer by the law of the relevant place outside Australia, its external territories or New Zealand,

you will not be entitled to receive JBL Shares as consideration for your HML Shares.

If you are a Foreign Shareholder in Singapore, please refer to Schedule 3.

Instead, JBL will:

- (c) arrange for the issue to the Nominee of the number of JBL Shares to which you and all other Foreign Shareholders would have been entitled but for clause 2.2 of the Offer Terms (Schedule 1); and
- (d) cause the Nominee to offer for sale those JBL Shares within five Business Days after the end of the Offer Period in the manner, at the price and on other terms as are determined by the Nominee; and
- (e) pay to you the amount ascertained under the formula in clause 5.3 of the Offer Terms (Schedule 1).

Notwithstanding anything else contained in this Bidder's Statement, JBL is not under any obligation to spend any money or undertake any action to satisfy itself of the eligibility of Foreign Shareholders to receive JBL Shares.

12.11 Consents

This Bidder's Statement includes statements which are made in, or based on statements which are made in, documents provided by HML or announced on the company announcements platform of ASX by HML. No person who has made any of these statements has consented to the statement being included in or accompanying this Bidder's Statement in the form and context in which it is included.

- (a) McCullough Robertson has given and has not, before the lodgement of this Bidder's Statement with ASIC, withdrawn their written consent to being named in this Bidder's Statement as legal adviser to JBL in respect of the Offer in the form and context in which they are named.
- (b) Link Market Services Limited has given and has not, before the lodgement of this Bidder's Statement with ASIC, withdrawn its written consent to being named in this Bidder's Statement as registry to JBL in respect of the Offer in the form and context in which it is named.

- (c) Each of McCullough Robertson and Link Market Services Limited:
- (i) does not make, or purport to make, any statement in this Bidder's Statement or any statement on which a statement in this Bidder's Statement is based other than, in the case of a person referred to above as having given their consent to the inclusion of a statement, a statement included in this Bidder's Statement with the consent of that person; and
 - (ii) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Bidder's Statement, other than a reference to its name and, in the case of a person referred to above as having given their consent to the inclusion of a statement, any statement or report which has been included in this Bidder's Statement with the consent of that party.

12.12 Fees and benefits payable to Directors and advisers

Other than as set out below or elsewhere in this Bidder's Statement, no:

- (a) Director or proposed director of JBL;
- (b) person named in this Bidder's Statement as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Bidder's Statement; or
- (c) promoter of JBL,

has, or had within two years before the date of this Bidder's Statement, any interest in:

- (d) the formation or promotion of JBL;
- (e) any property acquired or proposed to be acquired by JBL in connection with its formation or promotion or in connection with the issue of JBL Shares under the Offer; or
- (f) the offer of JBL Shares under this Bidder's Statement,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any Director or a proposed director of JBL as an inducement to become, or to qualify as, a Director of JBL or to any of those persons otherwise for services rendered by them in connection with the formation or promotion of JBL or the offer of JBL Shares under this Bidder's Statement.

The Directors of JBL have the following relevant interests in JBL Shares (either held directly or held by entities controlled by them) at the date of this Bidder's Statement:

Director	JBL Shares	% of JBL Shares on issue
John McAuliffe	896,000	3.68%
Ross Patane	87,500	0.36%
Stuart McAuliffe	5,598,000	22.97%

JBL reviews executive remuneration and other terms of employment annually (through a remuneration committee), having regard to performance, relevant comparative information and independent expert advice. Remuneration packages are set at levels that are intended to attract and retain executives capable of managing JBL's operations. Remuneration and other terms of employment for the managing director and certain other senior executives are formalised in service agreements. Incentive-based remuneration packages linked to personal and corporate key performance indicators are in place for each executive.

These incentives are structured to align executive reward with the achievement of strategic objectives and the creation of shareholder value. The personal and corporate key performance indicators and other targets for each executive are reviewed at least annually to ensure that they remain relevant and appropriate, and may agree to vary the stated indicators or targets to ensure that the short term rewards and long term rewards offered to each executive incentivise performance and achievement that are consistent with JBL's goals and objectives. A significant portion of the incentive plan is provided by way of JBL Shares through a deferred employee share plan which seeks to align executive performance with shareholders' interests. JBL's remuneration policy is designed to align management, and therefore JBL's performance with shareholder wealth.

Insurance and indemnity arrangements are in place for officers of JBL. To the extent permitted by law, JBL indemnifies every person who is or has been an officer against:

- (a) any liability to any person (other than JBL, related entities or a major shareholder) incurred while acting in that capacity and good faith; and
- (b) costs and expenses incurred by that person in that capacity in successfully defending legal proceedings and ancillary matters.

For this purpose 'officer' means any Director or secretary of JBL or any subsidiary of JBL. Under the terms of the indemnity, JBL must maintain indemnity insurance coverage for a period of seven years after the officer held their position in JBL and allow the officer access to certain records after ceasing to hold office in JBL for a period of seven years.

McCullough Robertson has acted as legal adviser to JBL in relation to the Offer. McCullough Robertson is entitled to receive professional fees on a normal basis.

12.13 Expiry date

No JBL Shares will be issued on the basis of the Offer contained in this Bidder's Statement after 30 November 2019 (being the date that is 13 months after the date of the original bidder's statement dated 31 October 2018).

12.14 Other material information

Except as set out elsewhere in this Bidder's Statement, there is no other information that is:

- (a) material to the making of a decision by a HML Shareholder whether or not to accept an Offer; and
- (b) known to JBL,

and has not previously been disclosed to HML Shareholders.

13 Definitions and interpretation

13.1 Definitions

In this Bidder's Statement:

Term	Definition
Acceptance Form	means the form of acceptance and transfer accompanying this Bidder's Statement.
Announcement Date	means 10 September 2018, being the date of announcement of the Offer.
ASIC	means the Australian Securities and Investments Commission.
Associates	<p>in the context of a body corporate includes:</p> <ul style="list-style-type: none">(a) a director, secretary and shareholder of the body corporate;(b) a body corporate that is a Related Body Corporate;(c) a director, secretary and shareholder of that Related Body Corporate;(d) the trustee of any trust under which the persons described in clauses (a), (b) and (c) or any of them, may benefit;(e) any person who is a related party for the purposes of section 228 Corporations Act; and(f) in the particular matter to which the associate reference relates, any person or persons with whom the body corporate:<ul style="list-style-type: none">(i) is acting or proposes to act in concert; or(ii) is or proposes to become associated,whether formally or informally.
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.
ASX Settlement Operating Rules	means the settlement rules of ASX Settlement Pty Limited (ABN 49 008 504 532), the body which administers the CHESS system in Australia), a copy of which is available at www.asx.com.au .
Bartholomew Roberts	means Bartholomew Roberts Pty Ltd ACN 612 024 549.

Term	Definition
BHD	means Benjamin Hornigold Limited ACN 614 854 045.
BHD Loan	means the unsecured loan made on 8 August 2018 of \$1,134,000 to JBL by BHD for a term of one year at 11.5% interest per annum.
BHD Loan Extension	means the extension of the BHD Loan for six months on 16 October 2018.
Bid Implementation Agreement	means the agreement between JBL and HML dated 10 September 2018 documenting JBL's proposal to make a takeover bid to acquire all the HML Shares.
Bidder's Statement	means this document, being the statement of JBL under part 6.5 division 2 Corporations Act relating to the Offer and replacing the original bidder's statement issued by JBL on 31 October 2018 (as supplemented by the supplementary bidder's statements dated 22 November 2018 and 18 February 2019).
Broker	means a person who is a share broker and a participant in CHESS.
Business Day	means a business day as defined in the Listing Rules.
CHESS	means the Clearing House Electronic Subregister System, which provides for electronic share transfer in Australia.
CHESS Holding	means a holding of HML Shares on the CHESS subregister of HML.
Competing Proposal	means a proposal for a takeover bid, scheme of arrangement or other corporate transaction involving HML or HML Shares that would compete with the Offer.
Controlling Participant	means the Broker or Non-Broker Participant who is designated as the controlling participant for shares in a CHESS Holding under the ASX Settlement Operating Rules.
Corporations Act	means <i>Corporations Act 2001</i> (Cth).
Directors	means the directors of JBL.
Foreign Shareholder	means a HML Shareholder whose address on the HML share register is in a jurisdiction other than Australia or its external territories or New Zealand.
GST	has the meaning it has in the GST Act.
GST Act	means the <i>A New Tax System (Goods and Services Tax) Act 1999</i> (Cth).
HML	means the target company, Henry Morgan Limited ACN 602 041 770.
HML Board	means the board of directors of HML.
HML Directors	means the current directors of HML.

Term	Definition
HML Group	means HML and each of its Subsidiaries.
HML Loan	means the unsecured loan made on 8 August 2018 of \$2,411,000 to JBL by HML for a term of one year at 11.5% interest per annum.
HML Loan Extension	means the extension of the HML Loan for six months on 16 October 2018.
HML Options	means options over unissued HML Shares.
HML Shareholder	means a registered holder of HML Shares.
HML Shares	means fully paid ordinary shares in the capital of HML.
Issuer Sponsored Holding	means a holding of HML Shares on HML's issuer sponsored subregister.
JB Financial Group	means JB Financial Group Pty Ltd ACN 613 592 135
JB Trading	means JB Trading House Pty Ltd ACN 625 874 115.
JB Trading Transaction	means the exclusive trading arrangement between BHD and JB Trading, in accordance with which JB Trading agreed to issue to BHD a \$13.5 million convertible note as consideration for the exclusive trading arrangement.
JBFG Extension	means the extension by BHD of a \$2.3 million convertible note to JB Financial Group on 17 September 2018, the effect of which was to extend the expiry date from 10 September 2018 to 11 March 2020.
JBFG Facility	means the facility given by JB Financial Group to JBL for up to \$7 million on 6 March 2019.
JBL	means the bidder, John Bridgeman Limited ACN 603 477 185.
JBL Group	means JBL and each of its Subsidiaries.
JBL Loan	means the repayment of refundable performance fees of \$4.5 million from JBL to BHD
JBL Share	means a fully paid ordinary share in the capital of JBL.
Merged Group	means JBL and each of its Subsidiaries (including the HML Group) which will exist as a result of the takeover bid as constituted by the Offer, should the takeover proceed to its conclusion.
NAV	means net asset value.
Nominee	means an entity to be appointed by JBL after the date of this Bidder's Statement with the prior approval of ASIC.
Non-Broker Participant	means a non-broker participant under the ASX Settlement Operating Rules.

Term	Definition
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.
NTA	means net tangible assets.
Offer or Offers	means the offer by JBL on the Offer Terms to acquire HML Shares referred to in section 2 of this Bidder's Statement.
Offer Consideration	means 0.95 JBL Shares for each HML Share you own.
Offer Period	means the period commencing on 6 November 2018 and ending at 7.00pm (Sydney time) on 15 April 2019, or any later date to which the Offer is extended.
Offer Terms	means the terms of the Offer set out in Schedule 1 to this Bidder's Statement.
Pro Forma Balance Sheet	means a pro forma combined balance sheet of the Merged Group referred to in section 7.3 of this Bidder's Statement.
Register Date	means 1 November 2018.
Regulatory Agency	means a government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity whether foreign, federal, state, territorial or local and for these purposes includes ASX, NSX and ASIC.
Regulatory Approvals	means the authorisations, consents, exemptions, modifications and approvals as may be required from any Regulatory Agency (including ASIC, NSX and ASX) to enable the party to perform its obligations under the Bid Implementation Agreement and implement the Offer under the applicable law.
Rights	means all accretions, rights or benefits of whatever kind attaching to or arising from HML Shares directly or indirectly after the date of this Bidder's Statement, including, without limitation, all dividends or other distributions and all rights to receive any dividends or other distributions, or to receive or subscribe for shares, stock units, notes, bonds, options or other securities, declared, paid or made by HML or any of its Subsidiaries.
Subsidiaries	has the meaning given to that term by section 9 Corporations Act.
Superior Proposal	means a Competing Proposal that: (a) is actually proposed or offered; and

Term	Definition
	<p>(b) in the determination of the HML Board, acting reasonably and in good faith and satisfying its fiduciary and statutory duties (on advice from its financial and legal advisers):</p> <p>(i) would be likely to be completed substantially in accordance with its terms; and</p> <p>(ii) if completion of that Competing Proposal occurred, it would result in a transaction more favourable to HML Shareholders than the Offer; and</p> <p>(iii) that determination has been communicated by written notice to JBL and JBL has not matched or bettered the Competing Proposal within two Business Days of receipt of that notice.</p>
Target's Statement	means the target's statement dated 6 December 2018, as supplemented by the first supplementary target's statement dated 19 February 2019 and second supplementary target's statement dated 7 March 2019 and to be supplemented by a third supplementary target's statement in response to this Bidder's Statement.
Voting Directors	means those HML Directors listed in section 12.7.
VWAP	means the volume weighted average price of a security.

13.2 Interpretation

In this Bidder's Statement, unless the context otherwise requires:

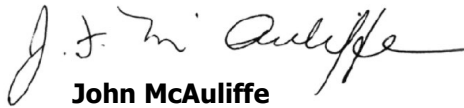
- (a) headings are for convenience and do not affect the interpretation;
- (b) words or phrases defined in the Corporations Act have the same meaning in this Bidder's Statement;
- (c) a reference to a section is a reference to a section of this Bidder's Statement;
- (d) a singular word includes the plural and vice versa;
- (e) if a word or phrase is defined, its other grammatical forms have a corresponding meaning;
- (f) a reference to a person includes a corporation, trust, partnership, unincorporated body, government and local authority or agency, or other entity whether or not it comprises a separate legal entity;
- (g) a reference to legislation or to a provision of legislation (including subordinate legislation) is to that legislation as amended, re-enacted or replaced, and includes any subordinate legislation issued under it;

(h) a reference to '\$' or 'dollar' is to Australian currency;

14 Approval of Bidder's Statement

The copy of this Bidder's Statement that is to be lodged with ASIC has been approved by a unanimous resolution passed by the Directors of JBL on 19 March 2019.

Signed by John McAuliffe, Chairman of JBL, under section 351 Corporations Act.

A handwritten signature in black ink, appearing to read 'J. McAuliffe', written in a cursive style.

John McAuliffe
Chairman
John Bridgeman Limited

Schedule 1

Terms of the Offer

1 Offer

- 1.1 JBL offers, to each holder of HML Shares at 7.00pm (Sydney time) on the Register Date, to acquire all of your HML Shares together with all the Rights attaching to them on the terms set out in this Schedule 1. This Offer extends to any person who is able during the Offer Period to give good title to HML Shares and has not already accepted an Offer for those HML Shares.
- 1.2 This Offer extends to all HML Shares that:
 - (a) exist at the Register Date; and
 - (b) that are issued during the period from the Register Date to the end of the Offer Period due to the conversion of, or exercise of the rights attached to, any securities which confer on the holder the right to have HML Shares issued to them.
- 1.3 By accepting this Offer, you undertake to transfer to JBL not only the HML Shares to which the Offer relates but also all the Rights attached to the HML Shares.
- 1.4 JBL Shares issued under this Offer will rank equally in all respects with JBL Shares on issue at the Register Date.
- 1.5 This Offer is dated 6 November 2018.

2 Offer Consideration

- 2.1 Subject to clause 2.2 of this Schedule 1, the consideration under the Offer Consideration is 0.95 JBL Shares for each HML Share you own.

Foreign Shareholders

- 2.2 If at the time this Offer is made to you, you are a Foreign Shareholder and JBL does not make a determination under section 12.10, you will not be entitled to receive JBL Shares as consideration for your HML Shares. Instead, you will receive a cash amount calculated under clause 5.3 of this Schedule 1.

Fractional entitlements

- 2.3 If you accept the Offer and are entitled to receive a fraction of a JBL Share, the number of JBL Shares you are entitled to under this Offer is rounded up to the next whole number of JBL Shares if it is 0.5 or more, and rounded down to the nearest whole number if it is less than 0.5. If you are entitled to a fraction of a cent, that fraction is rounded to the nearest cent on the same basis. If JBL reasonably believes that you have manipulated your holding of HML Shares to take advantage of rounding up, then any fractional entitlement is aggregated or rounded down to the next whole number of JBL Shares.

3 Offer Period

The Offer will remain open for acceptance during the period commencing on 6 November 2018, and ending at 7.00pm (Sydney time) on 15 April 2019, unless it is withdrawn or extended under the Corporations Act.

4 How to accept this Offer

All of your holding

- 4.1 This Offer is for all of your HML Shares.

Acceptance procedure for HML Shareholders

- 4.2 The acceptance procedure will depend on whether your HML Shares are in a CHESS Holding or an Issuer Sponsored Holding.

If you hold your HML Shares in a CHESS Holding

- 4.3 You must comply with the ASX Settlement Operating Rules.
- 4.4 If you are a sponsored CHESS holder of HML Shares, to accept the Offer you must:
- (a) instruct your Controlling Participant to initiate acceptance of the Offer on your behalf under Rule 14.14 of the ASX Settlement Operating Rules;
 - (b) complete, sign and send the accompanying Acceptance Form directly to your stockbroker or Controlling Participant; or
 - (c) complete and sign the Acceptance Form and mail or deliver it to the address below and authorise JBL to instruct your Controlling Participant to initiate acceptance of the Offer on your behalf;

before the end of the Offer Period.

If you hold your HML Shares in an Issuer Sponsored Holding

- 4.5 If your HML Shares are in an Issuer Sponsored Holding, then to accept this Offer you must complete, sign and return the accompanying Acceptance Form in accordance with the instructions on it and deliver it or send it by post so that it is received by JBL's share registry of the Offer before the end of the Offer Period.

If you are a Broker or a Non-Broker Participant

- 4.6 If you are a Broker or Non-Broker Participant, initiate acceptance under the requirements of the ASX Settlement Operating Rules before the end of the Offer Period.

Mailing and delivery addresses

- 4.7 The mailing and delivery addresses for completed Acceptance Forms are as follows.

The mailing address is:

Link Market Services Limited
Henry Morgan Limited (HML) Takeover
Locked Bag A14
Sydney South NSW 1235

- 4.8 Alternatively you may deliver the Acceptance Form and any associated documents to:

Link Market Services Limited
Henry Morgan Limited (HML) Takeover
1A Homebush Bay Drive
Rhodes NSW 2138

- 4.9 A reply paid envelope (not able to be used by HML Shareholders outside Australia) is enclosed for your convenience.

Acceptance Form

- 4.10 The Acceptance Form which accompanies this Offer forms part of it. The requirements on the Acceptance Form must be observed in accepting this Offer for your HML Shares.
- 4.11 Any acceptance form previously provided by you that was attached to either the bidder's statement dated 31 October 2018 or first supplementary bidder's statement dated 22 November 2018 is of no effect. If you wish to accept the Offer you must return the yellow Acceptance Form attached to this document to JBL in accordance with the terms of this Offer.

Power of attorney, deceased estate

- 4.12 When accepting this Offer, you must also forward for inspection:
- (a) if the Acceptance Form is signed by an attorney, the power of attorney; and
 - (b) if the Acceptance Form is signed by the executor of a will or the administrator of the estate of a deceased HML Shareholder, the relevant grant of probate or letters of administration.

When acceptance is complete

- 4.13 Acceptance of this Offer will not be complete until the completed Acceptance Form has been received at one of the addresses set out in clause 4.7 above and the requirements of this clause have been met, provided that:
- (a) JBL may in its sole discretion waive any or all of those requirements at any time; and
 - (b) where those requirements have been complied with for some but not all of your HML Shares, JBL may, in its sole discretion, deem your acceptance of this Offer complete in respect of those HML Shares for which the requirements have been complied with but not in respect of the remainder.
- 4.14 If your Acceptance Form is returned by post it will be taken as received before the end of the Offer Period if the envelope in which it is sent is postmarked before the end of the Offer Period.

5 Payment of consideration

When consideration is paid

- 5.1 Subject to clauses 5.3 and 5.4 of this Schedule 1, you will be paid the consideration you are entitled to within one month of the date you accept the Offer (unless the Offer is withdrawn in accordance with the Corporations Act).
- 5.2 In any event, you will be paid within 21 days after the end of the Offer Period.

Payments to Foreign Shareholders

- 5.3 If you accept the Offer and you are a Foreign Shareholder and JBL does not make a determination under section 12.10 of this Bidder's Statement:
- (a) JBL will arrange for the issue to the Nominee of the number of JBL Shares to which you and all other Foreign Shareholders would have been entitled under the Offer but for clause 2.2 of this Schedule 1;

- (b) JBL will cause the Nominee to offer for sale the JBL Shares as soon as practicable, or otherwise in the manner, at the price and on terms as are determined by the Nominee;
- (c) JBL will cause the Nominee to pay to you the amount calculated under the following formula:

$$\frac{\text{Net Proceeds of Sale} \times \text{Your JBL Shares}}{\text{Total Nominee JBL Shares}}$$

where:

- (i) **Net Proceeds of Sale** means the amount which is received by the Nominee upon the sale of all JBL Shares under this clause 5.3 less brokerage and other sale expenses;
- (ii) **Your JBL Shares** means the number of JBL Shares which would, but for clause 2.2 of this Schedule 1, have been allotted to you under the Offer;
- (iii) **Total Nominee JBL Shares** means the total number of JBL Shares allotted to the Nominee under this clause 5.3;
- (d) you will receive your share of the proceeds of this sale in Australian currency;
- (e) payment will be made by cheque posted to you at your risk by ordinary mail at the address provided on your Acceptance Form; and
- (f) under no circumstances will interest be paid on your share of the proceeds of this sale, regardless of any delay in remitting these proceeds to you.

Where additional documents are required

5.4 Where the Acceptance Form requires additional documents to be given with your acceptance (such as a power of attorney), if the documents are given:

- (a) with your acceptance, JBL will provide the consideration in accordance with clause 5.1 of this Schedule 1;
- (b) after acceptance and before the end of the Offer Period, JBL will provide the consideration by the end of whichever period ends earlier:
 - (i) one month after JBL is given the document; and
 - (ii) 21 days after the end of the Offer Period; or
- (c) after the end of the Offer Period, JBL will provide the consideration within 21 days after the documents are given.

5.5 If you do not give JBL the required additional documents within one month after the end of the Offer Period, JBL may, in its sole discretion, rescind the contract resulting from your acceptance of the Offer.

Where JBL is entitled to any Rights

5.6 If JBL becomes entitled to any Rights on acceptance of this Offer, you must give JBL all documents that JBL needs to give JBL title to those Rights. If you do not give those documents to JBL, or if you have received the benefit of those Rights, JBL will deduct from the consideration otherwise due to you the amount (or value, as reasonably assessed by JBL) of those Rights.

Payment to be mailed by cheque

- 5.7 Payment of the cash amount to which you are entitled will be mailed by cheque (or otherwise as agreed by JBL) in Australian currency. Cheques will be sent to the address on the Acceptance Form by pre-paid ordinary mail or, if you have an overseas address, by pre-paid airmail.

Clearances for offshore residents

- 5.8 If, at the time of acceptance of this Offer, you are resident in or of a place outside Australia, you will not be entitled to receive any consideration under this Offer until all requisite authorities or clearances of the Reserve Bank of Australia (whether under the *Banking (Foreign Exchange) Regulations 1959* (Cth) or otherwise), or of the Australian Taxation Office, have been obtained.

6 Conditions of the Offer

Conditions

- 6.1 This Offer and the contract that results from acceptance of this Offer are not subject to any conditions.

Effect of acceptance

- 6.2 Once you have accepted this Offer, you will be unable to revoke your acceptance and the contract resulting from your acceptance will be binding on you, unless the circumstances set out in section 650E Corporations Act apply.
- 6.3 By signing and returning the Acceptance Form, you will be deemed to have:
- (a) irrevocably accepted this Offer (and each variation of this Offer) in respect of all your HML Shares despite any difference between that number and the number of HML Shares shown in the Acceptance Form;
 - (b) irrevocably authorised JBL to alter the Acceptance Form on your behalf by:
 - (i) inserting correct details of your HML Shares;
 - (ii) filling in any blanks remaining on the Acceptance Form; and
 - (iii) rectifying any errors in, and omissions from, the Acceptance Form,as may be necessary to make the Acceptance Form a valid acceptance of this Offer and to enable registration of the transfer of your HML Shares to JBL;
 - (c) represented and warranted to JBL, as a condition of the contract resulting from your acceptance of the Offer, that at the time of acceptance and at the time of transfer to JBL:
 - (i) you have paid to HML all amounts which are due for payment for your HML Shares;
 - (ii) all of your HML Shares are fully paid and free from all mortgages, charges, liens and other encumbrances of any nature; and
 - (iii) you have full power and capacity to sell and transfer those HML Shares;
 - (d) granted to JBL and each of its Directors power of attorney to sign any document or do any thing on your behalf necessary to cause HML to issue a replacement share certificate for those HML Shares;
 - (e) agreed to:

- (i) do anything necessary to ratify any act taken or purported to be taken by JBL or any of its Directors under the power of attorney granted by clause 6.3(d) of this Schedule 1; and
 - (ii) indemnify JBL and each of its Directors in respect of that act;
- (f) irrevocably appointed JBL or any nominee of JBL as your attorney to exercise all your powers and rights attaching to your HML Shares including (without limitation):
 - (i) to requisition, convene, attend and vote at all general meetings of HML or appoint a proxy or proxies to attend and vote on your behalf at that meeting; and
 - (ii) sign all documents and resolutions relating to your HML Shares, and generally to exercise all powers and rights which you may have as a HML Shareholder and perform actions as may be appropriate to vest good title in your HML Shares in JBL;
- (g) agreed that in exercising the powers conferred by the power of attorney in clause 6.3 of this Schedule 1, JBL is entitled to act in the interests of JBL;
- (h) agreed not to attend or vote in person at any general meeting of HML or to exercise or purport to exercise any of the powers conferred on JBL or its nominee in clause 6.3 of this Schedule 1;
- (i) agreed to accept the JBL Shares, to which you have become entitled by acceptance of this Offer, subject to the constitution of JBL and have authorised JBL to place your name on the register of members for those JBL Shares; and
- (j) if your HML Shares are in a CHESS Holding and you sign and return the Acceptance Form, irrevocably authorised JBL:
 - (i) to instruct your Controlling Participant to initiate acceptance of this Offer for your HML Shares under the ASX Settlement Operating Rules; and
 - (ii) to give any other instructions in relation to your HML Shares to your Controlling Participant on your behalf under the sponsorship agreement between you and that Controlling Participant.

Withdrawal

- 6.4 JBL may withdraw unaccepted Offers at any time with the written consent of ASIC and subject to the conditions (if any) specified in that consent.

Variation

- 6.5 JBL may vary this Offer in accordance with the Corporations Act.

7 Acceptances by transferees and nominees

Who may accept the Offer

- 7.1 During the Offer Period:

- (a) any person who is able to give good title to a parcel of HML Shares may accept (if they have not already accepted an offer in the form of this Offer) as if an offer on terms identical with this Offer has been made to that person; and

- (b) any person who holds one or more parcels of HML Shares as trustee, nominee, or otherwise on account of another person, may accept as if a separate offer had been made in relation to:
 - (i) each of those parcels; and
 - (ii) any parcel they hold in their own right.

Holding shares

- 7.2 A person is taken to hold HML Shares if the person is, or is entitled to be registered as, the holder of those HML Shares.

Holding shares on trust or as a nominee

- 7.3 A person is taken to hold HML Shares on trust for, as nominee for, or on account of, another person if that person:
- (a) is entitled to be registered as the holder of HML Shares; and
 - (b) holds the interest in the HML Shares on trust for, as nominee for, or on account of, that other person.

Effective acceptance

- 7.4 An acceptance of an Offer under clause 7.1(b) of this Schedule 1 is ineffective unless:
- (a) the person who holds on account of another person, gives that other person written notice stating that the HML Shares consist of a separate parcel; and
 - (b) the acceptance specifies the number of HML Shares in that parcel.

Notice of acceptance

- 7.5 A notice under clause 7.4(a) of this Schedule 1 must be made in writing.
- 7.6 A person may, at the one time, accept for two or more parcels under clause 7.6 of this Schedule 1 as if there had been a single offer for a separate parcel consisting of those parcels.

8 Other matters

Notices and other communications

- 8.1 Subject to the Corporations Act, a notice or other communication given by JBL to you in connection with this Offer is deemed to be duly given if it is in writing and:
- (a) is delivered at your address as recorded on the register of members of HML or the address shown in the Acceptance Form; and
 - (b) is sent by pre-paid ordinary mail, or in the case of an address outside Australia by pre-paid airmail, to you at either of those addresses.

Return of documents

- 8.2 If:
- (a) this Offer is withdrawn after your Acceptance Form has been sent to JBL, but before it has been received; or

- (b) for any other reason JBL does not acquire the HML Shares to which your Acceptance Form relates,

JBL will despatch at your risk your Acceptance Form together with all other documents forwarded by you.

9 Costs and expenses

All costs and expenses of the preparation, despatch and circulation of the Offers and all stamp duty payable for a transfer of HML Shares for which Offers are accepted, will be paid by JBL.

10 Official quotation of JBL Shares

- 10.1 Subject to clause 1 of this Schedule 1, the JBL Shares offered by JBL as consideration under the Offer will rank equally with JBL Shares on issue at the Register Date.
- 10.2 JBL has been admitted to the official list of NSX and shares of the same class as those to be issued as consideration under the Offer have been granted official quotation by NSX.
- 10.3 An application was made following the date of the original bidder's statement dated 31 October 2018 to NSX for the granting of official quotation of the JBL Shares to be issued. However, official quotation is not granted automatically on application.
- 10.4 Under section 625(3) Corporations Act, the Offer is subject to a condition that application for admission to quotation of the JBL Shares issued under the Offer is made within seven days after the start of the Offer Period and permission for admission to quotation will be granted no later than seven days after the end of the Offer Period. This condition may not be waived.

Schedule 2

JBL announcements to NSX since 1 July 2018

Date	Announcement
10 July 2018	41999 NSX General Market Disclosure Other - JB Financial Group acquisition update
12 July 2018	40140 NSX Section 205G Notice Initial/Final Director's Interests - Final Director's Interests Notice - S Richardson
12 July 2018	40140 NSX Section 205G Notice Initial/Final Director's Interests - Final Director's Interests Notice - V Gordon
20 July 2018	41999 NSX General Market Disclosure Other - Update on on-market buy-back
6 August 2018	40370 NSX On Market BuyBack - Update on on-market buy-back
8 August 2018	41999 NSX General Market Disclosure Other - NSX Reviewing The Update To On-Market Buy-Back
13 August 2018	40370 NSX On Market BuyBack - On-market share buy-back update
27 August 2018	40080 NSX Query - General Disclosure Query - 22 August 2018
27 August 2018	40081 NSX Response to Query - Response to General Disclosure Query - 22 Aug 2018
29 August 2018	40050 NSX Suspension from Official Quotation - Company securities suspended from Official Quotation
10 September 2018	40299 NSX Takeover Other - JBL announces scrip bids for HML and BHD
13 September 2018	40370 NSX On Market BuyBack - On-market share buy-back update
14 September 2018	40530 NSX Preliminary/Final Statement - Preliminary Final Report
14 September 2018	40051 NSX Reinstatement to Official Quotation - Reinstatement to Official Quotation
17 September 2018	40030 NSX Trading Halt - Trading Halt
18 September 2018	40370 NSX On Market BuyBack - Update on on-market buy-back
18 September 2018	40030 NSX Trading Halt - Securities Remain in Trading Halt
19 September 2018	40370 NSX On Market BuyBack - Update on on-market buy-back
19 September 2018	40031 NSX Trading Halt Status - Securities to remain under trading halt
20 September 2018	41999 NSX General Market Disclosure Other - Business update
20 September 2018	40370 NSX On Market BuyBack - On-market share buy-back update
20 September 2018	40051 NSX Reinstatement to Official Quotation - Reinstatement to Official Quotation
20 September 2018	40370 NSX On Market BuyBack - On-market share buy-back update
27 September 2018	40370 NSX On Market BuyBack - Update on on-market share buy-back
1 October 2018	40030 NSX Trading Halt - Request for Trading Halt
1 October 2018	40030 NSX Trading Halt - Trading Halt - Failure to lodge Audited Annual Financials - 30 June 2018
3 October 2018	40050 NSX Suspension from Official Quotation - Suspended - Failure to lodge Audited Annual Financials - 30 June 2018
11 October 2018	40299 NSX Takeover Other - Update on off-market takeover bids

Date	Announcement
11 October 2018	41999 NSX General Market Disclosure Other - Commentary on market conditions
22 October 2018	40510 NSX Annual Report – 2018 Annual Report
22 October 2018	40051 NSX Reinstatement to Official Quotation – Reinstatement to Official Quotation – Audited Annual Financial Statements for 30 June 2018 lodged
22 October 2018	41999 NSX General Market Disclosure Other – Capital raising update
23 October 2018	40299 NSX Takeover Other – Update on off-market takeover bids
31 October 2018	40910 NSX Notice of Annual General Meeting - Notice of Annual General Meeting 2018
01 November 2018	40299 NSX Takeover Other - Lodgement of Bidder's Statements
02 November 2018	41999 NSX General Market Disclosure Other - JB Financial Group 2018 Annual Report
05 November 2018	40080 NSX Query - Periodic Disclosure Query
05 November 2018	40081 NSX Response to Query - Response to Periodic Disclosure Query
09 November 2018	40299 NSX Takeover Other - Dispatch of Bidder's Statement and Offer completed
09 November 2018	40299 NSX Takeover Other - Dispatch of Bidder's Statement and Offer completed
09 November 2018	40299 NSX Takeover Other - Clarification regarding Bidder's Statements
16 November 2018	40080 NSX Query - General Disclosure Query
16 November 2018	40081 NSX Response to Query - Response to General Disclosure Query
20 November 2018	40080 NSX Query - NSX General Disclosure Query
20 November 2018	40081 NSX Response to Query - Response to NSX General Disclosure Query
21 November 2018	40299 NSX Takeover Other - Update on off-market takeover bid for Henry Morgan
21 November 2018	41999 NSX General Market Disclosure Other - Capital raising update
23 November 2018	40299 NSX Takeover Other - Off-Market Takeover Bid for Benjamin Hornigold Ltd
23 November 2018	40299 NSX Takeover Other - Off-Market Takeover Bid for Henry Morgan
23 November 2018	40920 NSX Notice of Extraordinary Meeting - Notice of Extraordinary General Meeting
27 November 2018	40299 NSX Takeover Other - Update and ongoing progress of JBL takeover bids
30 November 2018	41999 NSX General Market Disclosure Other - John Bridgeman announces new finance facilities
03 December 2018	40930 NSX Results of Meeting - 2018 Annual General Meeting Results
06 December 2018	40299 NSX Takeover Other - Letter to Bidder serving BHD Target's Statement
06 December 2018	40299 NSX Takeover Other - Letter to Bidder serving HML Target's Statement
12 December 2018	41999 NSX General Market Disclosure Other - JBL confirms details of JBFG finance facilities
24 December 2018	40930 NSX Results of Meeting - Results of EGM
24 December 2018	40299 NSX Takeover Other - Update on JBL Takeover Offer BHD
24 December 2018	40299 NSX Takeover Other - Update on JBL Takeover Offer HML

Date	Announcement
31 December 2018	40299 NSX Takeover Other - Media Release - Takeovers Panel Receives Applications
02 January 2019	40299 NSX Takeover Other - Media Release - Panel Makes Interim Orders
07 January 2019	40299 NSX Takeover Other - Status of defeating conditions for BHD Offer
07 January 2019	40299 NSX Takeover Other - Status of defeating conditions for HML Offers
10 January 2019	40299 NSX Takeover Other - Change in substantial holding notice
22 January 2019	40299 NSX Takeover Other - Notice of Extension of HML Offer Period
22 January 2019	40299 NSX Takeover Other - Notice of Extension of BHD Offer Period
24 January 2019	40299 NSX Takeover Other - Variation to HML Offer
24 January 2019	40299 NSX Takeover Other - Variation to BHD Offer
25 January 2019	40588 NSX Media Release - Media Release - TOV Declaration of Unacceptable Circumstances
31 January 2019	40588 NSX Media Release - TOV Panel receives review applications
08 February 2019	40588 NSX Media Release - TOV Panel Orders
08 February 2019	40299 NSX Takeover Other - JBL Extension of offer period for HML Offer
08 February 2019	40299 NSX Takeover Other - JBL Extension of offer period for BHD Offer JBL Extension of offer period for BHD Offer
12 February 2019	40588 NSX Media Release - TOV Panel Correction of the Declaration of Unacceptable Circumstances
14 February 2019	40588 NSX Media Release - TOV Panel Applications Withdrawn
18 February 2019	40299 NSX Takeover Other - Extension of offer period for HML Offer
18 February 2019	40299 NSX Takeover Other - Extension of offer period for BHD Offer
18 February 2019	40299 NSX Takeover Other - Second supplementary bidder's statement - BHD
18 February 2019	40299 NSX Takeover Other - Second supplementary bidder's statement - HML
19 February 2019	40299 NSX Takeover Other - BHD First Supplementary Target's Statement
19 February 2019	40299 NSX Takeover Other - HML First Supplementary Target's Statement
20 February 2019	40299 NSX Takeover Other - Cancellation of acceptances - BHD
20 February 2019	40299 NSX Takeover Other - Cancellation of acceptances - HML
4 March 2019	41999 NSX General Market Disclosure Other - JB Financial Group acquisition update
5 March 2019	40299 NSX Takeover Other - Update on BHD takeover offer
7 March 2019	40299 NSX Takeover Other - Repayment to BHD
7 March 2019	40260 NSX Supplementary Target's Statement - HML Second Supplementary Target's Statement
12 March 2019	40299 NSX Takeover Other - BHD Update on Orders
13 March 2019	40299 NSX Takeover Other - Third supplementary bidder's statement - BHD
14 March 2019	40540 NSX Half Yearly Report - Half Yearly Report
18 March 2019	40299 NSX Takeover Other – TOV Panel – Henry Morgan Limited – Variation of Orders

Schedule 3

Foreign Shareholders in Singapore

This Bidder's Statement, including its schedules, any announcements made by HML and/or JBL in relation to the Offers (**Offer Documentation**) and any other materials relating to the Offer and the HML Shares and/or JBL Shares do not constitute a prospectus as defined in the Securities and Futures Act, Chapter 289 of Singapore (**SFA**) and have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. The Offer Documentation and any other documents or materials in connection with the offer or sale, or invitation for subscription or purchase, of JBL Shares, may not be issued, circulated or distributed, nor may the JBL Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than: (i) an 'institutional investor' (as defined in section 4A(1) of the SFA); (ii) a 'relevant person' (as defined in section 275(2) of the SFA); (iii) persons pursuant to offers referred to in section 275(1A) of the SFA; or (iv) or pursuant to and in accordance with, the conditions of any other applicable provisions of the SFA.

In accepting the Offer Documentation, you are (i) an 'institutional investor' (as defined in section 4A(1) of the SFA); (ii) a 'relevant person' (as defined in section 275(2) of the SFA) or (iii) persons pursuant to offers referred to in section 275(1A) of the SFA and agree to be bound by the limitations and restrictions described herein. In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate the Offer Documentation to any other person in Singapore.

You should note that any offer contained in the Offer Documentation is subject to resale restrictions and, if you accept such offer, you shall not be able to make any subsequent sale in Singapore, or any offer of such subsequent sale in Singapore, of the JBL Shares unless such sale or offer in Singapore is made in accordance with Part XIII Division (1) Subdivision (4) of the SFA. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly. In particular, where the offer has been accepted by a "relevant person" (as defined in section 275(2) of the SFA), such "relevant person" shall not be able to make any offer and subsequent sale of the JBL Shares in Singapore unless it is to (i) an "institutional investor" (as defined in section 4A(1) of the SFA); (ii) another "relevant person" (as defined in section 275(2) of the SFA) or (iii) any person pursuant to an offer referred to in section 275(1A) of the SFA.

Where the offer has been accepted by a "relevant person" which is (a) a corporation (which is not an "accredited investor" (as defined in section 275(2) of the SFA)) and the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the securities pursuant to an offer made under section 275 of the SFA except to an "institutional investor" (as defined in section 4A(1) of the SFA) or to a "relevant person" (as defined in section 275(2) of the SFA), or to any person pursuant to an offer referred to in section 275(1A) of the SFA; or where no consideration is or will be given for the transfer; or where the transfer is by operation of law; or as specified in Section 276(7) of the SFA; or as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Nothing in the Offer Documentation and any other document or material in connection with the offer or HML Shares and/or JBL Shares constitutes, or may not be used in connection with, an offer of securities or solicitation in any jurisdiction where such an offer or solicitation is not authorized or is unlawful.

Corporate directory

Company

John Bridgman Limited
Level 9, 123 Eagle Street
BRISBANE QLD 4000
+61 1300 108 495
www.johnbridgeman.com.au

Legal Advisers

McCullough Robertson Lawyers
Level 11
Central Plaza Two
66 Eagle Street
BRISBANE QLD 4000
+61 7 3233 8888
www.mccullough.com.au

Directors

Mr John McAuliffe – Chairman
Mr Stuart McAuliffe – Managing Director
Mr Ross Patane – Non-executive Director

Share Registry

Link Market Services Limited
Level 21, 10 Eagle Street
BRISBANE QLD 4000
+61 1300 554 474
www.linkmarketservices.com.au

Annexure

John Bridgeman Limited half-year financial report for the period ending 31 December 2018

John Bridgeman Limited
NSX form 2A
31 December 2018

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

Name of issuer

JOHN BRIDGEMAN LIMITED

ACN or ARBN

55 603 477 185

Half yearly
(tick)

✓

Preliminary
final (tick)

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

31 December 2018

For announcement to the market

Extracts from this statement for announcement to the market (see note 1).

Extracts from this statement for announcement to the market (see note 1).

				\$A,000
Revenue (item 1.1)	up/down	5%	to	26,731
Profit (loss) for the period (item 1.9)	up/down	71%	to	(1,525)
Profit (loss) for the period attributable to members of the parent (item 1.11)	up/down	60%	to	(951)
Dividends		Current period	Previous corresponding period	
Franking rate applicable:		N/A	N/A	
Final dividend (preliminary final report only)(item 10.13-10.14)		N/A	N/A	
Amount per security				
Franked amount per security				
Interim dividend (Half yearly report only) (item 10.11 – 10.12)		N/A	N/A	
Amount per security				
Franked amount per security				
Short details of any bonus or cash issue or other item(s) of importance not previously released to the market:				
N/A				

John Bridgeman Limited
NSX form 2A
31 December 2018

NTA Backing

	Current period	Previous corresponding period
Net tangible asset backing per ordinary <i>security</i>	\$(0.16)	\$0.52

Compliance statement

1. This statement has been prepared under accounting policies which comply with accounting standards as defined in the *Corporations Act* or other standards acceptable to the Exchange (see note 13).

Identify other standards used

2. This statement, and the financial statements under the *Corporations Act* (if separate), use the same accounting policies.
3. This statement does give a true and fair view of the matters disclosed (see note 2).
4. This statement is based on financial statements to which one of the following applies:
- | | |
|---|--|
| <input type="checkbox"/> The financial statements have been audited. | <input checked="" type="checkbox"/> The financial statements have been subject to review by a registered auditor (or overseas equivalent). |
| <input type="checkbox"/> The financial statements are in the process of being audited or subject to review. | <input type="checkbox"/> The financial statements have <i>not</i> yet been audited or reviewed. |
5. The Audit Review Report is attached
6. The *issuer* has a formally constituted audit committee.

Sign here:


(~~Director~~/Company secretary)

Date: 14 March 2019

Print name: Kevin Mischewski



JOHN.BRIDGEMAN



INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED
31 DECEMBER 2018
JOHN BRIDGEMAN LIMITED
ACN 603 477 185

John Bridgeman Limited
Directors' report
31 December 2018

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of John Bridgeman Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled (for the purposes of the Accounting Standards only) at the end of, or during, the half-year ended 31 December 2018.

Directors

The following persons were directors of John Bridgeman Limited (JBL) during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

John McAuliffe - Chairman
 Stuart McAuliffe - Managing Director
 Rosario Patane - Non-Executive Director
 Vincent Gordon - Non-Executive Director (appointed 3 October 2017, resigned 10 July 2018)
 Simon Richardson - Non-Executive Director (appointed 3 October 2017, resigned 10 July 2018)

Principal activities

The principal activities of the Company during the year consisted of providing investment management services to Henry Morgan Limited (HML), Bartholomew Roberts Pty Ltd (BRL), and Benjamin Hornigold Ltd (BHD), as well as investing either directly or indirectly in listed and unlisted companies. Unlisted companies in which the Company has had a direct or indirect investment are based in various sectors, primarily:

- financial services including broking and currency exchange;
- physical audits and mercantile agency services, as well as investigations, brand protection, surveillance, background screening and security sweeps across Australia and New Zealand;
- international casual dining franchises for international brands

Our business model and objectives

The Company aims to deliver shareholder returns and capital growth by providing cost efficient, high quality investment management services, exposure to global investment markets and diverse and defensible private equity investments with corresponding inelastic income streams which allows Board, key management and shareholders' interests to be aligned.

Review of operations

Operating results

	31 Dec 2018	31 Dec 2017	Change	Change
	\$	\$	\$	%
Loss before tax	(2,310,500)	(7,337,691)	5,027,191	69%
Net loss after tax	(1,525,777)	(5,210,481)	3,684,704	71%
Net investment losses	(379,365)	(1,297,684)	918,319	71%
Management and performance fee revenue	608,863	1,567,015	(958,152)	(61%)
Operating revenue	26,731,274	25,431,829	1,299,445	5%
Income tax benefit	784,723	2,127,210	(1,342,487)	(63%)
Earnings per share - basic (cents, rounded to nearest cent)	(4)	(9)	5	56%
Earnings per share - diluted (cents, rounded to nearest cent)	(4)	(9)	5	56%

For the half year ended 31 December, the loss for the Group after tax amounted to \$1,525,777. This compared to the loss after tax for the half year ended 31 December 2017 of \$5,210,481.

John Bridgeman Limited
Directors' report
31 December 2018

In the financial year ending 30 June 2018, the consolidated group experienced a large number of one-off costs and some impairments. The directors consider this normal for a consolidated group of this scale and with various business divisions in the first stage of their business cycle.

The annualised consolidated revenue is continually improving and management expects revenue to continue to improve over the course of the next six months.

Significant cost reduction measures have been realised and continue to be executed. Approximately \$4.0 million (annualised) in cost reductions have been made within the consolidated group, with an additional \$2.7 million expected to be implemented over the near term through plans to increase cost efficiencies, synergies, contractor scale discounts and restructuring.

As indicated in the above review, there has been significant positive change to the performance of the businesses within the consolidated group during the half year. The directors believe that this should continue as the integration of businesses is finalised, which will allow management to focus on further revenue generation and cost efficiencies. The reduction of excess legal and accounting fees is a primary area of focus for the Company over the near term.

Operating expenditure throughout the consolidated group is declining, while revenue is increasing. The more established businesses within JB Financial Group have performed extremely well and performance for the remainder of this financial year is expected to be strong. The newer businesses are developing well, and are expected to contribute meaningfully to the financial performance of the consolidated group over the near term. The directors view the Company's outlook and future as positive.

Going Concern

For the half year ended 31 December, the loss for the Group after tax amounted to \$1,525,777 and net cash used in operating activities was \$157,762. Notwithstanding the reported results, this financial report has been prepared on a going concern basis as the directors consider that the Company and the consolidated entity will be able to realise their assets and settle their liabilities in the normal course of business and at amounts stated in the financial report.

The directors have made enquiries of management, examined the Group's current financial position and financial forecasts. Despite any uncertainty that may cast doubt about the Group's ability to continue as a going concern the directors have a reasonable expectation that the Company and the Group has adequate financial resources to continue as a going concern.

Significant matters identified by the directors include:

- The reported loss is not considered by the directors to reflect the expected future performance of the Group. Operating expenses for the reporting period included non-recurring and non-cash expenses arising from restructuring costs, fair value adjustments, impairment, depreciation and amortisation costs.
- Cost reductions implemented in the first half of calendar year 2018 are expected to provide positive operating cash flows to the Group over the medium term. Having absorbed the initial acquisition, restructuring and development costs within the Group, management of capital expenditure and growth is forecast to reduce short term funding required for growth of the business divisions.

The continuation of the Company and the Group as a going concern is dependent on their ability to achieve the following objectives:

- Forecast positive cash flows from operations;
- Proposed capital expenditure management;
- Capital raisings by way of debt or equity;
- Realisation of surplus assets and sale of existing assets or companies either by a float or trade sale.

Should the anticipated capital raisings not generate the expected cash flows, the Company may not be able to meet its debts as and when they become due and payable, and it may be required to realise assets and extinguish liabilities other than in the ordinary course of business and at amounts different from those stated in the financial statements. This report does not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company and the Group not continue as going concerns.

Changes in investments in the Group

From the start of the financial year to 31 December 2018, the Company acquired 886,856 shares from third parties. These transactions increased the Company's direct investment in JB Financial Group (JBFG) to 2,037,419 shares (7.57%) (2018: 1,150,563 shares (4.27%)), taking the Company's investment in JBFG to \$11,231,307 (2018: \$7,031,582).

John Bridgeman Limited
Directors' report
31 December 2018

Share buy-back

On 3 August 2018, the Company bought back 1,935,158 of shares (and attached options) in an on-market buy-back at the original issue price, reducing paid up capital by \$3,967,074. On 20 September a further 464,083 shares were bought back on market reducing share capital by \$724,825.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the financial half-year.

Matters subsequent to the end of the financial half-year

JBL takeover offers for Henry Morgan Limited and Benjamin Hornigold Limited

On 10 September 2018, the Company announced its intention to make off-market scrip takeover bids:
- to acquire all of the issued shares in Henry Morgan Limited (HML) that it did not currently own; and
- to acquire all of the issued shares and options in Benjamin Hornigold Limited (BHD) that it did not currently own.
The Company declared both bids free from conditions on 24 December 2018.

On 28 December 2018, an application was made by certain shareholders in HML and BHD to the Takeovers Panel in respect of both bids. At the time of the application, JBL had a relevant interest in 53.56% of the shares in the HML and 38.87% of the shares in BHD.

The Takeovers Panel determined to hear the application, and issued orders preventing the Company from processing acceptances received under the bids.

On 25 January 2019, the Panel made separate declarations of unacceptable circumstances in relation to the affairs of HML and BHD, and made final orders on 8 February 2019, which were released via the NSX announcements platform. As a result, all acceptances received by the Company under the bids were cancelled on 19 February 2019. On 5 March 2019, the Company announced its decision not to proceed further with its bid for BHD. However, the Company is proceeding with its bid for HML and intends to issue a replacement bidder's statement to HML shareholders including certain information prescribed in the orders.

Non-current liabilities - borrowings repaid

On 17 September 2018, the Company entered into a repayment arrangement for \$4,500,000 to be repaid on 18 March 2020, with an interest rate of 11.5% per annum. As at 31 December 2018, the balance owing was \$4,500,000 with all accrued interest paid (refer to note 21). The loan has since been repaid.

No other matter or circumstance has arisen since 31 December 2018 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Convertible Notes

The Company has 2,227,850 unsecured convertible notes on issue with a face value of \$1.58. The notes were issued on 6 April 2017 and mature on 6 April 2022. Each note may be converted into one fully paid ordinary share prior to maturity.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

John Bridgeman Limited
Directors' report
31 December 2018

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in black ink, appearing to read 'Stuart McAuliffe', is written over a horizontal line.

Stuart McAuliffe
Managing Director

14 March 2019



PILOT PARTNERS

Chartered Accountants

Level 10, Waterfront Place
1 Eagle St. Brisbane 4000

PO Box 7095 Brisbane 4001
Queensland Australia

P +61 7 3023 1300
F +61 7 3229 1227

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AUDITOR'S INDEPENDENCE DECLARATION

UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

JOHN BRIDGEMAN LIMITED

I declare that to the best of my knowledge and belief, during the half-year ended 31 December 2018, there have been:

- i. no contraventions of the auditor's independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

PILOT PARTNERS

Chartered Accountants

CHRIS KING

Partner

Signed on

14 March 2019

Level 10
1 Eagle Street
Brisbane Qld 4000

John Bridgeman Limited
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31 December 2018

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General information

The financial statements cover John Bridgeman Limited as a consolidated entity consisting of John Bridgeman Limited and the entities treated as subsidiaries for purposes of the accounting standards at the end of, or during, the year. The financial statements are presented in Australian dollars, which is John Bridgeman Limited's functional and presentation currency.

John Bridgeman Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

Level 9, 123 Eagle Street
Brisbane, QLD, 4000
Australia

Principal place of business

Level 9, 123 Eagle Street
Brisbane, Queensland, 4000
Australia

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 14 March 2019.

John Bridgeman Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2018

		Consolidated	
	Note	31 Dec 2018	31 Dec 2017
		\$	\$
Revenue	6	26,731,274	25,431,829
Other income/(losses)	7	1,368,010	(1,116,566)
Expenses			
Operating expenses	8	(8,104,299)	(10,042,134)
Traders fees	9	(2,298,576)	(678,076)
Employee benefits expense		(10,836,961)	(11,133,994)
Professional services expenses	10	(5,182,275)	(5,029,918)
Other expenses	11	(2,971,034)	(3,532,739)
Impairment of assets	19	(87,271)	(852,973)
Facility fees		(175,150)	-
Interest expense		(754,218)	(383,120)
Loss before income tax benefit		(2,310,500)	(7,337,691)
Income tax benefit	12	784,723	2,127,210
Loss after income tax benefit for the half-year		(1,525,777)	(5,210,481)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		-	537
Other comprehensive income for the half-year, net of tax		-	537
Total comprehensive income for the half-year		<u>(1,525,777)</u>	<u>(5,209,944)</u>
Loss for the half-year is attributable to:			
Non-controlling interest		(574,776)	(2,824,758)
Owners of John Bridgeman Limited	23	(951,001)	(2,385,723)
		<u>(1,525,777)</u>	<u>(5,210,481)</u>
Total comprehensive income for the half-year is attributable to:			
Non-controlling interest		(574,776)	(2,882,544)
Owners of John Bridgeman Limited		(951,001)	(2,327,400)
		<u>(1,525,777)</u>	<u>(5,209,944)</u>
		Cents	Cents
Basic earnings per share		(3.81)	(9.30)
Diluted earnings per share		(3.81)	(9.30)

Refer to note 4 for detailed information on Restatement of comparatives.

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

John Bridgeman Limited
Statement of financial position
As at 31 December 2018

		Consolidated		
	Note	31 Dec 2018	30 Jun 2018	1 July 2017
		\$	\$	\$
Assets				
Current assets				
Cash and cash equivalents	13	19,359,871	18,919,136	11,643,090
Trade and other receivables	14	2,850,298	8,160,739	16,411,919
Balances held with brokers		2,464,596	3,414,108	-
Inventory		45,999	45,511	48,039
Derivative financial assets		42,520	58,448	-
Term deposits		732,833	908,225	593,793
Purchased debt ledgers		147,026	157,288	700,212
Other current assets	15	1,083,863	1,322,069	395,692
Total current assets		<u>26,727,006</u>	<u>32,985,524</u>	<u>29,792,745</u>
Non-current assets				
Investments at fair value through profit and loss	16	3,570,191	3,581,897	6,670,679
Property, plant and equipment	17	5,320,403	5,658,627	4,302,449
Intangibles	18	42,798,044	42,880,855	32,985,886
Deferred tax	12	8,975,614	7,839,998	3,310,103
Purchased debt ledgers	19	348,624	434,662	2,099,788
Security deposits		887,749	764,004	91,113
Total non-current assets		<u>61,900,625</u>	<u>61,160,043</u>	<u>49,460,018</u>
Total assets		<u>88,627,631</u>	<u>94,145,567</u>	<u>79,252,763</u>
Liabilities				
Current liabilities				
Trade and other payables		18,785,362	31,658,532	8,378,468
Borrowings	20	3,530,121	3,030,158	2,228,943
Income tax	12	587,613	80,851	3,199,492
Provisions		1,018,149	1,458,988	792,138
Total current liabilities		<u>23,921,245</u>	<u>36,228,529</u>	<u>14,599,041</u>
Non-current liabilities				
Payables		265,255	303,691	1,212,283
Borrowings	21	21,577,203	5,285,954	5,813,467
Derivative financial instruments		556,079	-	-
Deferred tax	12	2,659,495	2,420,881	1,069,171
Provisions		676,625	683,257	542,342
Total non-current liabilities		<u>25,734,657</u>	<u>8,693,783</u>	<u>8,637,263</u>
Total liabilities		<u>49,655,902</u>	<u>44,922,312</u>	<u>23,236,304</u>
Net assets		<u>38,971,729</u>	<u>49,223,255</u>	<u>56,016,459</u>
Equity				
Issued capital	22	20,875,481	25,567,380	20,216,505
Reserves		(8,668,520)	(10,255,395)	(6,003,026)
Accumulated losses	23	(9,330,209)	(8,379,208)	2,741,015
Equity attributable to the owners of John Bridgeman Limited		2,876,752	6,932,777	16,954,494
Non-controlling interest		36,094,977	42,290,478	39,061,965
Total equity		<u>38,971,729</u>	<u>49,223,255</u>	<u>56,016,459</u>

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

John Bridgeman Limited
Statement of changes in equity
For the half-year ended 31 December 2018

	Issued capital \$	Reserves \$	Retained profits/ (losses) \$	Non- controlling interest \$	Total equity \$
Consolidated					
Balance at 1 July 2017	20,216,505	(6,003,026)	2,879,120	39,380,151	56,472,750
Adjustment for reclassification due to adoption of AASB 9 (note 4)	-	-	(130,143)	(299,838)	(429,981)
Adjustment for reclassification due to adoption of AASB 15 (note 4)	-	-	(7,962)	(18,344)	(26,306)
Balance at 1 July 2017 - restated	20,216,505	(6,003,026)	2,741,015	39,061,969	56,016,463
Loss after income tax benefit for the half-year	-	-	(2,385,723)	(2,824,758)	(5,210,481)
Other comprehensive income for the half-year, net of tax	-	537	-	-	537
Total comprehensive income for the half-year	-	537	(2,385,723)	(2,824,758)	(5,209,944)
Share-holder interest reserve reclassified to NCI	-	(297,540)	-	297,540	-
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs	4,797,712	-	-	-	4,797,712
Exercise of options on convertible notes	545,819	-	-	-	545,819
Acquisition of NCI interests in a subsidiary	-	-	-	(237,000)	(237,000)
NCI recognised as part of share-based acquisition of Group entity	-	-	-	5,499,997	5,499,997
Adjustment for reclassification due to adoption of AASB 9 (note 4)	-	-	(49,433)	(551,737)	(601,170)
Adjustment for reclassification due to adoption of AASB 15 (note 4)	-	-	-	(208,748)	(208,748)
Balance at 31 December 2017	<u>25,560,036</u>	<u>(6,300,029)</u>	<u>305,859</u>	<u>41,037,263</u>	<u>60,603,129</u>

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

John Bridgeman Limited
Statement of changes in equity
For the half-year ended 31 December 2018

Consolidated	Issued capital \$	Reserves \$	Retained profits/ (losses) \$	Non- controlling interest \$	Total equity \$
Balance at 1 July 2018	25,567,380	(10,255,395)	(8,246,354)	42,606,665	49,672,296
Adjustment for reclassification due to adoption of AASB 9 (note 4)	-	-	(38,241)	(230,597)	(268,838)
Adjustment for reclassification due to adoption of AASB 15 (note 4)	-	-	(25,633)	(154,570)	(180,203)
Adjustment for change in shareholder interest reserve	-	-	(68,980)	68,980	-
Balance at 1 July 2018 - restated	25,567,380	(10,255,395)	(8,379,208)	42,290,478	49,223,255
Loss after income tax benefit for the half-year	-	-	(951,001)	(574,776)	(1,525,777)
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
Total comprehensive income for the half-year	-	-	(951,001)	(574,776)	(1,525,777)
Share-holder interest reserve reclassified to NCI	-	1,594,610	-	(1,421,000)	173,610
Foreign currency translation reserve	-	(7,735)	-	-	(7,735)
Transactions with owners in their capacity as owners:					
Acquisition of shares from NCI	-	-	-	(4,199,725)	(4,199,725)
Share buyback	(4,691,899)	-	-	-	(4,691,899)
Balance at 31 December 2018	<u>20,875,481</u>	<u>(8,668,520)</u>	<u>(9,330,209)</u>	<u>36,094,977</u>	<u>38,971,729</u>

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

John Bridgeman Limited
Statement of cash flows
For the half-year ended 31 December 2018

		Consolidated	
	Note	31 Dec 2018	31 Dec 2017
		\$	\$
Cash flows from operating activities			
Receipts from customers		29,214,910	34,977,121
Payments to suppliers and employees		(31,140,146)	(37,207,080)
Collection on purchased debt ledgers		33,999	66,821
Receipt from brokers on initial margins		1,521,519	-
Interest received		55,592	10,900
Interest and other finance costs paid		(238,116)	(238,286)
Income taxes (paid)/received		394,480	(645,406)
		<u>(157,762)</u>	<u>(3,035,930)</u>
Net cash used in operating activities			
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired		-	1,255,432
Purchase of other investments		(286,453)	-
Payments for property, plant and equipment	17	(245,299)	(1,850,057)
Payments for intangibles	18	(197,947)	(2,788,366)
Payments for financial instruments		-	(190,031)
Receipt / (Placement) of term deposits		175,391	(136,614)
Bank overdraft payment		(19,011)	-
Proceeds from disposal of property, plant and equipment		960,468	-
		<u>387,149</u>	<u>(3,709,636)</u>
Net cash from/(used in) investing activities			
Cash flows from financing activities			
Proceeds from issue of shares		-	8,119,567
Loans from related parties		5,567,661	-
Repayment of lease liabilities		(51,773)	-
Proceeds from borrowings		7,000,000	2,318,054
Funds (paid to) / received from investors		(6,460,399)	10,889,720
Share buyback and other debt raising costs		(4,867,049)	-
Repayment of borrowings		(977,092)	(2,886,342)
		<u>211,348</u>	<u>18,440,999</u>
Net cash from financing activities			
Net increase in cash and cash equivalents		440,735	11,695,433
Cash and cash equivalents at the beginning of the financial half-year		18,919,136	11,643,090
Cash and cash equivalents at the end of the financial half-year		<u><u>19,359,871</u></u>	<u><u>23,338,523</u></u>

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

John Bridgeman Limited
Notes to the financial statements
31 December 2018

Note 1. Reporting Entity

John Bridgeman Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 9
123 Eagle Street
Brisbane QLD 4000

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 14 March 2019.

Note 2. Significant accounting policies

Basis of preparation

These general purpose financial statements for the interim half-year reporting period ended 31 December 2018 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, they are to be read in conjunction with the annual report for the year ended 30 June 2018 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for financial assets and liabilities at fair value through profit or loss and derivative financial instruments.

Going concern

For the half year ended 31 December, the loss for the Group after tax amounted to \$1,525,777 and net cash used in operating activities was \$157,762. Notwithstanding the reported results, this financial report has been prepared on a going concern basis as the directors consider that the Company and the consolidated entity will be able to realise their assets and settle their liabilities in the normal course of business and at amounts stated in the financial report.

The directors have made enquiries of management, examined the Group's current financial position and financial forecasts. Despite any uncertainty that may cast doubt about the Group's ability to continue as a going concern the directors have a reasonable expectation that the Company and the Group has adequate financial resources to continue as a going concern.

Significant matters identified by the directors include:

- The reported loss is not considered by the directors to reflect the expected future performance of the Group. Operating expenses for the reporting period included non-recurring and non-cash expenses arising from restructuring costs, fair value adjustments, impairment, depreciation and amortisation costs.
- Cost reductions implemented in the first half of calendar year 2018 are expected to provide positive operating cash flows to the Group over the medium term. Having absorbed the initial acquisition, restructuring and development costs within the Group, management of capital expenditure and growth is forecast to reduce short term funding required for growth of the business divisions.

John Bridgeman Limited
Notes to the financial statements
31 December 2018

Note 2. Significant accounting policies (continued)

The continuation of the Company and the Group as a going concern is dependent on their ability to achieve the following objectives:

- Forecast positive cash flows from operations
- Proposed capital expenditure management
- Capital raisings by way of debt or equity
- Realisation of surplus assets and sale of existing assets or companies either by a float or trade sale.

Should the anticipated capital raisings not generate the expected cash flows, the Company may not be able to meet its debts as and when they become due and payable, and it may be required to realise assets and extinguish liabilities other than in the ordinary course of business and at amounts different from those stated in the financial statements. This report does not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company and the Group not continue as going concerns.

Comparative figures

Where required by Accounting Standards comparative figures have been adjusted to conform to changes in presentation for the current financial period.

Accounting Policies

The same accounting policies and methods of computation have been followed in this half year financial report as were applied in the most recent financial statements except for those as described below.

New or amended Accounting Standards and Interpretations adopted

The Group has considered the implications of new or amended Accounting Standards which have become applicable for the current financial reporting period and the group had to change its accounting policies and make retrospective adjustments as a result of adopting the following standards:

- AASB 9: Financial Instruments, and
- AASB 15: Revenue from Contracts with Customers.

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

AASB 9 Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the Group commits itself to either the purchase or sale of the asset (ie. trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified at fair value through profit or loss, in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component.

John Bridgeman Limited
Notes to the financial statements
31 December 2018

Note 2. Significant accounting policies (continued)

Classification and subsequent measurement

Financial assets

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss.

Measurement is on the basis of the two primary criteria:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset is subsequently measured at amortised cost if it meets the following conditions:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset is subsequently measured at fair value through other comprehensive income if it meets the following conditions:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and
- the business model for managing the financial asset comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

The Group initially designates a financial instrument as measured at fair value through profit or loss if:

- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as “accounting mismatch”) that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
- it is in accordance with the documented risk management or investment strategy and information about the groupings was documented appropriately, so that the performance of the financial liability that was part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis;
- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of the financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

Financial liabilities

Financial liabilities are subsequently measured at:

- amortised cost; or
- fair value through profit or loss.

A financial liability is measured at fair value through profit or loss if the financial liability is:

- a contingent consideration of an acquirer in a business combination to which AASB 3: Business Combinations applies;
- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period.

John Bridgeman Limited
Notes to the financial statements
31 December 2018

Note 2. Significant accounting policies (continued)

The effective interest rate is the internal rate of return of the financial asset or liability; that is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if:

- it is incurred for the purpose of repurchasing or repaying in the near term;
- part of a portfolio where there is an actual pattern of short-term profit taking; or
- a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in an effective hedging relationships).

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and are not subsequently reclassified to profit or loss. Instead, they are transferred to retained earnings upon derecognition of the financial liability.

If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on:

- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- lease receivables;
- contract assets (e.g. amounts due from customers under construction contracts);
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

A loss allowance is not recognised for:

- financial assets measured at fair value through profit or loss; or
- equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The Group uses the simplified approach to impairment.

Simplified approach

The Group uses the simplified approach to impairment which does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit losses at all times.

This approach is applicable to trade receivables, lease receivables or contract assets that contain a significant financing component.

John Bridgeman Limited
Notes to the financial statements
31 December 2018

Note 2. Significant accounting policies (continued)

In measuring the expected credit loss, a provision matrix for trade receivables was used, taking into consideration various data to get to an expected credit loss (i.e. diversity of its customer base, appropriate groupings of its historical loss experience etc).

Recognition of expected credit losses in financial statements

At each reporting date, the Group recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Assets measured at fair value through other comprehensive income are recognised at fair value, with changes in fair value recognised in other comprehensive income. Amounts in relation to change in credit risk are transferred from other comprehensive income to profit or loss at every reporting period.

For financial assets that are unrecognised (e.g. loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All of the following criteria need to be satisfied for derecognition of financial assets:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the Group no longer controls the asset

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (i.e. when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Initial Application of AASB 9: Financial Instruments:

There were no new financial assets/liabilities which the Group had previously designated as fair value through profit or loss under AASB 139: Financial Instruments: Recognition and Measurement that were subject to reclassification/elected reclassification upon the application of AASB 9. There were no new financial assets/liabilities which the Group has elected to designate as at fair value through profit or loss at the date of initial application of AASB 9.

Debt instruments that are subsequently measured at amortised cost or at fair value through other comprehensive income are subject to impairment.

The directors of the Group determined the existing financial assets as at 1 July 2018 based on the facts and circumstances that were present, and determined that the initial application of AASB 9 had the following effects:

- Financial assets as held-to-maturity and loans and receivables that were measured at amortised cost continue to be measured at amortised cost under AASB 9, as they are held to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.
- Financial assets measured at fair value through profit or loss are still measured as such under AASB 9.

John Bridgeman Limited
Notes to the financial statements
31 December 2018

Note 2. Significant accounting policies (continued)

Financial assets to which the impairment provisions apply	Attributes of credit risk	Loss allowance recognised on	
		1 July 2017	1 July 2018
Trade and other receivables	The Group uses the simplified approach and recognises lifetime expected credit loss	(614)	(384)

The Group uses an allowance matrix to measure the ECLs of trade receivables from individual customers, which comprise a very large number of small balances. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. The weighted-average loss rate has been calculated to be 9%. Loss rates were based on actual credit loss experience over the past two years.

The additional credit loss allowance of \$384,000 as at 1 July 2018 and \$614,000 as at 1 July 2017 has been recognised against retained earnings on the respective dates, net of their related deferred tax impact, resulting in a net decrease in retained earnings of \$268,838 and \$429,985 as at 1 July 2018 and 2017 respectively. The additional loss allowance is charged against the respective asset.

The reconciliation between the provision for impairment in accordance with AASB 139 for the above mentioned are disclosed in their respective notes.

The consequential amendments to AASB 7: Financial Instruments: Disclosures have also resulted in more extensive disclosures about the Group's exposure to credit risk in the consolidated financial statements.

Classification and measurement of financial liabilities

AASB 9 determines that the measurement of financial liabilities and also the classification relates to changes in the fair value designated as fair value through profit or loss attributable to changes in the credit risk.

AASB 9 further states that the movement in the fair value of financial liabilities that is attributable to changes in the credit risk of that liability needs to be shown in other comprehensive income, unless the effect of the recognition constitutes accounting mismatch in profit or loss. Changes in fair value in relation to the financial liability's credit risk are transferred to retained earnings when the financial liability is derecognised and not reclassified through profit or loss. AASB 139 requires the fair value amount of the change of the financial liability designated as at fair value through profit or loss to be presented in profit or loss.

The following table represents the classification and measurement of financial assets and financial liabilities under AASB 9 and AASB 139 at the date of initial application, 1 July 2018:

Financial assets		Carrying amount		
		AASB 139 original \$	AASB 9 recognition of additional loss allowance \$	AASB 9 New \$
Financial instrument category	AASB 9 new			
AASB 139 Original				
Current and non-current assets				
Loans and receivables (amortised cost)	Financial assets at amortised cost	9,087,701	(384,054)	8,703,647
Cash and cash equivalents	Financial assets at amortised cost	18,919,136	-	18,919,136
	Financial assets at fair value through			
Derivative financial assets	profit and loss	58,448	-	58,448
	Financial assets at fair value through			
Unlisted investments	profit and loss	3,581,897	-	3,581,897

John Bridgeman Limited
Notes to the financial statements
31 December 2018

Note 2. Significant accounting policies (continued)

Financial liabilities

Financial liabilities				Carrying amount AASB 9 recognition of additional loss allowance		
Financial instrument category		AASB 139 original		AASB 139 original	AASB 9 new	AASB 9 new
AASB 139 Original		AASB 9 New		\$	\$	\$
Current and non-current						
Trade and other payables (Amortised cost)	Financial liabilities	at		32,247,688	-	32,247,688
	amortised cost					
	Financial liabilities	at				
Borrowings (Amortised cost)	amortised cost			8,316,122	-	8,316,122

The amount of any financial assets and financial liabilities in the statement of financial position that were previously designated as measured at fair value through profit or loss have not been reclassified and there were no financial assets or financial liabilities which the Group has elected to designate as at fair value through profit or loss at the date of initial application of AASB 9.

The following summary indicates the reclassification of financial assets and liabilities due to AASB 9 transition.

Financial assets	Carrying amount under AASB 139 30 June 2018			Carrying amount under AASB 9 1 July 2018		Retained earnings adjustment 1 July 2018
	\$	\$	\$	\$		\$
Amortised costs						
Loans and receivables	9,087,701	(8,703,647)	384,054	-		384,054
Reclassification per classification criteria; financial assets at amortised cost (AASB 9)	-	8,703,647	-	8,703,647		-
Total	9,087,701	-	384,054	8,703,647		384,054

AASB 15: Revenue from Contracts with Customers

The Group has adopted AASB15 using the cumulative effect method with the effect of initially applying this standard recognised at the date of initial application (1 July 2018). The disclosure requirements in AASB 15 have been applied to comparative information.

Under AASB15, an entity shall recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer. An asset is transferred when the customer obtains control of that asset.

Professional services

The largest impact on the Group as a result of the adoption of the new standard is regarding work in progress on the provision of risk and security management services. Under AASB18, revenue was recognised based on the stage of completion.

Under AASB 15, the total consideration in the service contracts is allocated to all services based on their stand-alone selling prices. The stand-alone selling prices is determined based on the list prices at which the Group sells services in separate transactions. Revenue is recognised when the performance obligations have been completed under the contractual arrangement.

For additional information on the impact of the adoption of AASB 15, see note 4, restatement of comparatives.

For additional information about the Group's accounting policies relating to revenue recognition, see Note 5.

John Bridgeman Limited
Notes to the financial statements
31 December 2018

Note 2. Significant accounting policies (continued)

Impact of standards issued but not yet applied by the Group

AASB 16 Leases

AASB 16: Leases (issued February 2016) will supersede the existing lease accounting requirements in AASB 117: Leases and the related Interpretations.

It introduces a single lessee accounting model by eliminating the current requirement to distinguish leases as either operating leases or finance leases depending on the transfer of risks and rewards of ownership. The key requirements of AASB 16 are summarised as follows:

- recognition of a right-of-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-of-use assets in line with AASB 116: Property Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;
- inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
- application of a practical expedient to permit a lessee to elect not to separate non-lease components, instead accounting for all components as a lease;
- inclusion of additional disclosure requirements; and
- accounting for lessors will not significantly change.

AASB 16 will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of \$17,567,000. The Group is currently assessing to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit, financial position and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under AASB 16.

The Standard is mandatory for first interim periods within annual reporting periods beginning on or after 1 January 2019. The Group does not intend to adopt the Standard before its effective date.

Note 3. Critical accounting judgements, estimates and assumptions

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described below:

Purchase Debt Ledgers (PDLs)

PDLs are initially recognised at fair value plus any directly attributable acquisition costs. Subsequent to initial recognition, PDLs are measured at amortised cost using the effective interest method, less any impairment losses.

Prospectively, management will monitor the performance and key estimates used in determining whether any objective evidence exists that a PDL may be impaired. This will include:

- re-forecasting expected future cash flows regularly. An impairment is recognised where actual performance and re-forecast future cash flows deviate to below the initial effective interest rate.
- regular assessment of the estimated forecast amortisation rate applied to PDLs.

Determination of entities for consolidation

The Company holds 100% of recently incorporated JB Macro Funds Management Limited and approximately 51.71% of BRL, which has common directors. The Company has an indirect interest in BRL's two wholly owned subsidiaries JR Restaurants Australia Pty Ltd (JRR) and Birdzz Pty Ltd (Birdzz). The Company has a 24.56% economic interest in all other entities treated as subsidiaries in the consolidated financial statements. Those entities are consolidated on the basis of the power the Company has over investees and the extent of exposure the Company has to variable returns from investees. The directors believe that the consolidated financial report is the most appropriate presentation of the performance and financial position of the Group entities even though there is a large component (75.44%) of non-controlling interest in Group equity.

John Bridgeman Limited
Notes to the financial statements
31 December 2018

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Carrying value of goodwill

All of the Group's goodwill is contained within JBFG and its controlled entities. The Group has identified five CGUs within its total investment in JBFG. The five CGUs identified are:

- Broking
- Foreign currency
- Commercial lending
- Mercantile service businesses
- Proprietary trading

Goodwill impairment testing is performed annually unless there are earlier indicators of an impairment.

Fair value measurement hierarchy

The Group is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value. Therefore the category that the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Estimation of useful lives of assets

The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Intangible assets other than goodwill

The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment of goodwill or other indefinite life intangible assets.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The Group assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Recovery of deferred tax assets

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

Note 4. Restatement of comparatives

Reclassification

Initial application of AASB 15: Revenue from Contracts with Customers and AASB 9: Financial instruments

The Group has applied AASB 15 and AASB 9 as an adjustment to the earliest opening comparative balance of equity at 1 July 2017. The following tables provide details of the significant changes and quantitative impact of those changes.

The Group uses an allowance matrix to measure the ECLs of trade receivables from individual customers, which comprise a very large number of small balances. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. The weighted-average loss rate has been calculated to be 9%. Loss rates were based on actual credit loss experience over the past two years.

John Bridgeman Limited
Notes to the financial statements
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Note 4. Restatement of comparatives (continued)

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

Statement of profit or loss and other comprehensive income

	Consolidated		
	31 Dec 2017		31 Dec 2017
	\$	\$	\$
	Reported	Adjustment	Restated
Revenue	26,065,570	(633,741)	25,431,829
Other income/(losses)	(1,116,566)	-	(1,116,566)
Expenses			
Operating expenses	(10,042,134)	-	(10,042,134)
Traders fees	(678,076)	-	(678,076)
Employee benefits expense	(11,133,994)	-	(11,133,994)
Professional services expenses	(5,365,446)	335,528	(5,029,918)
Other expenses	(3,370,787)	(161,952)	(3,532,739)
Impairment of assets	(852,973)	-	(852,973)
Interest expense	(383,120)	-	(383,120)
Loss before income tax benefit	(6,877,526)	(460,165)	(7,337,691)
Income tax benefit	1,989,161	138,049	2,127,210
Loss after income tax benefit for the half-year	(4,888,365)	(322,116)	(5,210,481)
Other comprehensive income			
Foreign currency translation	537	-	537
Other comprehensive income for the half-year, net of tax	537	-	537
Total comprehensive income for the half-year	<u>(4,887,828)</u>	<u>(322,116)</u>	<u>(5,209,944)</u>
Loss for the half-year is attributable to:			
Non-controlling interest	(2,605,487)	(219,271)	(2,824,758)
Owners of John Bridgeman Limited	(2,282,878)	(102,845)	(2,385,723)
	<u>(4,888,365)</u>	<u>(322,116)</u>	<u>(5,210,481)</u>
Total comprehensive income for the half-year is attributable to:			
Non-controlling interest	(2,605,040)	(277,504)	(2,882,544)
Owners of John Bridgeman Limited	(2,282,788)	(44,612)	(2,327,400)
	<u>(4,887,828)</u>	<u>(322,116)</u>	<u>(5,209,944)</u>
	Cents	Cents	Cents
	Reported	Adjustment	Restated
Basic earnings per share	(9.26)	(0.04)	(9.30)
Diluted earnings per share	(9.26)	(0.04)	(9.30)

John Bridgeman Limited
Notes to the financial statements
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Note 4. Restatement of comparatives (continued)

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

	1 July 2017	Consolidated	1 July 2017
	\$	\$	\$
	Reported	Adjustment	Restated
Assets			
Current assets			
Cash and cash equivalents	11,643,090	-	11,643,090
Trade and other receivables	17,063,763	(651,844)	16,411,919
Inventory	48,039	-	48,039
Term deposits	593,793	-	593,793
Purchased debt ledgers	700,212	-	700,212
Other current assets	395,692	-	395,692
Total current assets	<u>30,444,589</u>	<u>(651,844)</u>	<u>29,792,745</u>
Non-current assets			
Investments at fair value through profit and loss	6,670,679	-	6,670,679
Property, plant and equipment	4,302,449	-	4,302,449
Intangibles	32,985,886	-	32,985,886
Deferred tax	3,114,550	195,553	3,310,103
Purchased debt ledgers	2,099,788	-	2,099,788
Security deposits	91,113	-	91,113
Total non-current assets	<u>49,264,465</u>	<u>195,553</u>	<u>49,460,018</u>
Total assets	<u>79,709,054</u>	<u>(456,291)</u>	<u>79,252,763</u>
Liabilities			
Current liabilities			
Trade and other payables	8,378,468	-	8,378,468
Borrowings	2,228,943	-	2,228,943
Income tax	3,199,492	-	3,199,492
Provisions	792,138	-	792,138
Total current liabilities	<u>14,599,041</u>	<u>-</u>	<u>14,599,041</u>
Non-current liabilities			
Payables	1,212,283	-	1,212,283
Borrowings	5,813,467	-	5,813,467
Deferred tax	1,069,171	-	1,069,171
Provisions	542,342	-	542,342
Total non-current liabilities	<u>8,637,263</u>	<u>-</u>	<u>8,637,263</u>
Total liabilities	<u>23,236,304</u>	<u>-</u>	<u>23,236,304</u>
Net assets	<u>56,472,750</u>	<u>(456,291)</u>	<u>56,016,459</u>
Equity			
Issued capital	20,216,505	-	20,216,505
Reserves	(6,003,026)	-	(6,003,026)
Retained profits	2,879,120	(138,105)	2,741,015
Equity attributable to the owners of John Bridgeman Limited	17,092,599	(138,105)	16,954,494
Non-controlling interest	39,380,151	(318,186)	39,061,965
Total equity	<u>56,472,750</u>	<u>(456,291)</u>	<u>56,016,459</u>

John Bridgeman Limited
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Note 4. Restatement of comparatives (continued)

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

	30 Jun 2018	Consolidated	30 Jun 2018
	\$	\$	\$
	Reported	Adjustment	Restated
Assets			
Current assets			
Cash and cash equivalents	18,919,136	-	18,919,136
Trade and other receivables	9,087,701	(926,962)	8,160,739
Balances held with brokers	3,414,108	-	3,414,108
Inventory	45,511	-	45,511
Derivative financial assets	58,448	-	58,448
Term deposits	908,225	-	908,225
Purchased debt ledgers	157,288	-	157,288
Other current assets	1,322,069	-	1,322,069
Total current assets	<u>33,912,486</u>	<u>(926,962)</u>	<u>32,985,524</u>
Non-current assets			
Investments at fair value through profit and loss	3,581,897	-	3,581,897
Property, plant and equipment	5,658,627	-	5,658,627
Intangibles	42,880,855	-	42,880,855
Deferred tax	7,856,841	(16,843)	7,839,998
Purchased debt ledgers	434,662	-	434,662
Security deposits	764,004	-	764,004
Total non-current assets	<u>61,176,886</u>	<u>(16,843)</u>	<u>61,160,043</u>
Total assets	<u>95,089,372</u>	<u>(943,805)</u>	<u>94,145,567</u>
Liabilities			
Current liabilities			
Trade and other payables	31,944,007	(285,475)	31,658,532
Borrowings	3,030,158	-	3,030,158
Income tax	80,851	-	80,851
Provisions	1,458,988	-	1,458,988
Total current liabilities	<u>36,514,004</u>	<u>(285,475)</u>	<u>36,228,529</u>
Non-current liabilities			
Payables	303,691	-	303,691
Borrowings	5,285,954	-	5,285,954
Deferred tax	2,630,170	(209,289)	2,420,881
Provisions	683,257	-	683,257
Total non-current liabilities	<u>8,903,072</u>	<u>(209,289)</u>	<u>8,693,783</u>
Total liabilities	<u>45,417,076</u>	<u>(494,764)</u>	<u>44,922,312</u>
Net assets	<u>49,672,296</u>	<u>(449,041)</u>	<u>49,223,255</u>
Equity			
Issued capital	25,567,380	-	25,567,380
Reserves	(10,255,395)	-	(10,255,395)
Accumulated losses	(8,246,354)	(132,854)	(8,379,208)
Equity attributable to the owners of John Bridgeman Limited	7,065,631	(132,854)	6,932,777
Non-controlling interest	42,606,665	(316,187)	42,290,478
Total equity	<u>49,672,296</u>	<u>(449,041)</u>	<u>49,223,255</u>

John Bridgeman Limited
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Note 5. Operating segments

Identification of reportable operating segments

The consolidated entity is organised into two operating segments:

- Investment Management Services: The segment consists of the Group's provision of investment management services for clients and management of its own listed equity investments. Revenue consists of management and performance fees.
- Operations of investments in subsidiaries: The segment consists of the operational activities of entities included in the consolidated Group in accordance with AASB 10 Consolidated Financial Statements. It consists of both new and existing unlisted entities by incorporation of new entities and acquisition, building a portfolio of investment in operating entities with future growth prospects. Revenues consist of brokerage and commission, foreign currency revenue, proprietary trading gains and professional services revenue.

These operating segments are based on the internal reports that are reviewed and used by the Managing Director and his immediate executive team (who are identified as the Chief Operating Decision Makers ('CODM') in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The Group operates materially in only one geographical segment being Australia.

Intersegment receivables, payables and loans

Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

	Investment management services	Operations of investments in subsidiaries	Total
	\$	\$	\$
Financial half year ending 31 December 2018			
External revenue	608,863	26,054,578	26,663,441
Intersegment revenue	-	67,833	67,833
Net revenue	<u>608,863</u>	<u>26,122,411</u>	<u>26,731,274</u>
Other income	7,502	1,304,916	1,312,418
Interest income	1,761	53,831	55,592
Total other income / (losses)	<u>9,263</u>	<u>1,358,747</u>	<u>1,368,010</u>
Depreciation and amortisation	(153,757)	(939,247)	(1,093,004)
Intersegment proprietary trading losses	(67,833)	-	(67,833)
Other operating expenses	(79,128)	(6,864,334)	(6,943,462)
Total operating expenses	<u>(300,718)</u>	<u>(7,803,581)</u>	<u>(8,104,299)</u>
Trading expenses	-	(2,298,576)	(2,298,576)
Employee benefits expense	(1,048,039)	(9,788,922)	(10,836,861)
Professional services expenses	(521,102)	(4,661,173)	(5,182,275)
Other expenses	(85,355)	(2,885,679)	(2,971,034)
Impairment of assets	-	(87,271)	(87,271)
Facility fees	-	(175,150)	(175,150)
Interest expense	(503,265)	(250,953)	(754,218)
(Loss) / profit before tax	<u>(1,840,353)</u>	<u>(470,147)</u>	<u>(2,310,500)</u>
Income tax benefit / (expense)	430,252	354,471	784,723
(Loss) / profit after tax	<u>(1,410,101)</u>	<u>(115,676)</u>	<u>(1,525,777)</u>

John Bridgeman Limited
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Note 5. Operating segments (continued)

	Investment Management services \$	Operations of investments in subsidiaries \$	Total \$
As at 31 December 2018			
Segment assets	8,414,697	80,212,935	88,627,631
Segment liabilities	(22,515,280)	(27,140,623)	(49,655,902)
Segment net assets	<u>(14,100,583)</u>	<u>53,072,312</u>	<u>38,971,729</u>
	Investment management services \$	Operations of investments in subsidiaries \$	Total \$
Financial half year ending 31 December 2017			
External revenue	<u>1,419,536</u>	<u>24,646,034</u>	<u>26,065,570</u>
Other income	(1,220,268)	92,801	(1,127,467)
Interest income	387	10,514	10,901
Total other income	<u>(1,219,881)</u>	<u>103,315</u>	<u>(1,116,566)</u>
Depreciation and amortisation	(193,302)	(505,343)	(698,645)
Other operating expenses	(181,052)	(9,162,437)	(9,343,489)
Total operating expenses	<u>(374,354)</u>	<u>(9,667,780)</u>	<u>(10,042,134)</u>
Trading expenses	-	(678,076)	(678,076)
Employee benefits expense	(2,028,422)	(9,105,572)	(11,133,994)
Professional services expense	(577,121)	(4,788,325)	(5,365,446)
Other expenses	(2,042,244)	(1,328,543)	(3,370,787)
Impairment of assets	-	(852,973)	-
Interest expense	(206,934)	(176,186)	(383,120)
(Loss) / Profit before tax	<u>(5,029,420)</u>	<u>(1,848,106)</u>	<u>(6,877,526)</u>
Income tax benefit / (expense)	226,298	1,762,863	1,989,161
(Loss) / profit after tax	<u>(4,803,122)</u>	<u>(85,243)</u>	<u>(4,888,365)</u>
	Investment management services \$	Operations of investments in subsidiaries \$	Total \$
As at 30 June 2018			
Segment assets	5,580,527	89,508,845	95,089,372
Segment liabilities	(14,871,745)	(30,545,331)	(45,417,076)
Segment net assets	<u>(9,291,218)</u>	<u>58,963,514</u>	<u>49,672,296</u>

John Bridgeman Limited
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Note 6. Revenue

	Consolidated	
	31 Dec 2018	31 Dec 2017
	\$	\$
Sales and services revenue		
Foreign currency exchange revenue	6,945,546	4,959,128
Proprietary trading gains	7,787,221	7,793,846
Professional services	8,568,911	8,257,371
Brokerage and commission	2,033,982	2,013,045
Restaurant sales	769,071	806,009
Interest income on purchased debt ledgers	17,680	35,415
	<u>26,122,411</u>	<u>23,864,814</u>
Management and performance fee income		
Management fees	608,863	883,536
Performance fees	-	683,479
	<u>608,863</u>	<u>1,567,015</u>
 Revenue	 <u><u>26,731,274</u></u>	 <u><u>25,431,829</u></u>

Accounting policy for revenue recognition

Under AASB15, an entity shall recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer. An asset is transferred when the customer obtains control that asset.

An entity transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- (a) the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs;
- (b) the entity's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or
- (c) the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

When a performance obligation is satisfied, an entity shall recognise as revenue the amount of the transaction price that is allocated to that performance obligation.

Foreign currency exchange revenue

Foreign currency revenue is the difference between the cost and selling price of currency (foreign currency margin) and the revaluation of open foreign exchange positions to fair value. Foreign currency margin revenue is recognised when the entity satisfies the performance obligation by transferring the goods to the customer.

Proprietary trading gains

Proprietary trading revenue are the gains/losses that arise from exchange traded derivatives and are recognised when the Group has an enforceable right to payment for performance of the contract.

Professional services

The total consideration in the service contracts is allocated to all services based on their stand-alone selling prices. The stand-alone selling prices is determined based on the list prices at which the Group sells services in separate transactions. Revenue is recognised at the time of completion of the individual service contract.

Brokerage and commissions income

Brokerage and commission income consists of fees earned from undertaking requested investing activities, and are recognised as services are performed. Where commission and brokerage income is subject to meeting certain performance hurdles they are recognised when it is highly probable those conditions will not affect the outcome.

John Bridgeman Limited
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Note 6. Revenue (continued)

Restaurant sales

Restaurant sale revenue on food and beverage sales is recognised as the sale is completed which is the fulfilment of promised goods and services to the customer.

Management fee and performance fee income

Management fees are recognised in accordance with agreements entered into with counterparties to whom management services are provided. Management fees for ongoing management services are charged on a monthly basis and recognised at the time the services are provided. Performance fees are recognised when financial performance outcomes of the underlying investment companies can be reliably measured in accordance with a defined formula. Performance fees are accrued when any outperformance of a high watermark is exceeded.

Note 7. Other income/(losses)

	Consolidated	
	31 Dec 2018	31 Dec 2017
	\$	\$
Net foreign exchange gain/(loss)	(97,365)	40,586
Net fair value gain on other financial assets	-	85,866
Net gain on disposal of property, plant and equipment	699,490	-
Interest income	55,592	10,901
Net loss on financial instruments at fair value through profit or loss	(379,365)	(1,297,684)
Miscellaneous income	1,089,658	43,765
	<u>1,368,010</u>	<u>(1,116,566)</u>
Other income/(losses)		

Note 8. Operating expenses

	Consolidated	
	31 Dec 2018	31 Dec 2017
	\$	\$
Foreign banknote usage fee	47,501	243,439
Commissions paid to investment brokers	1,656,913	4,638,699
Dealing expenses	61,121	-
Restaurant cost of sales	324,404	720,430
Depreciation and amortisation	1,093,006	698,643
Impairment of software	-	186,774
Restaurant running costs	131,482	243,135
Rental expenses	2,188,843	1,648,072
Exchange fees	2,601,029	1,662,942
	<u>8,104,299</u>	<u>10,042,134</u>

Note 9. Traders fees

Traders fees are the profit share earned by proprietary traders of Genesis.

	Consolidated	
	31 Dec 2018	31 Dec 2017
	\$	\$
Traders fees	<u>2,298,576</u>	<u>678,076</u>

John Bridgeman Limited
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Note 10. Professional services expenses

	Consolidated	
	31 Dec 2018	31 Dec 2017
	\$	\$
Directors fee expenses	86,000	93,144
Professional services expenses - Consultants	3,944,609	3,926,844
Professional services expenses - Legal expenses	295,901	330,285
Professional services expenses - Accounting and audit expenses	713,747	590,308
Insurance	142,018	89,337
	<u>5,182,275</u>	<u>5,029,918</u>

Note 11. Other expenses

	Consolidated	
	31 Dec 2018	31 Dec 2017
	\$	\$
Travel expenses	127,085	509,009
Market information systems	210,497	-
Management fees	-	145,976
Marketing and advertising	235,256	322,446
Printing and stationery	94,266	154,117
IT and communications	610,203	426,579
Professional subscriptions	467,094	316,001
Transport	170,299	116,877
Utilities	80,477	69,516
Security expenses	112,255	97,576
Net loss on disposal of property, plant and equipment	-	11,440
Staff related expenses	73,087	92,464
Administration costs	307,340	192,892
Merchant fees	74,031	78,356
Other	409,144	999,490
	<u>2,971,034</u>	<u>3,532,739</u>

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Note 12. Income tax

	Consolidated	
	31 Dec 2018	31 Dec 2017
	\$	\$
Income tax benefit		
Current tax	112,279	885,295
Deferred tax - origination and reversal of temporary differences	(897,002)	(3,012,505)
Aggregate income tax benefit	<u>(784,723)</u>	<u>(2,127,210)</u>
Numerical reconciliation of income tax benefit and tax at the statutory rate		
Loss before income tax benefit	(2,310,500)	(7,337,691)
Tax at the statutory tax rate of 30%	(693,150)	(2,201,307)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Permanent differences	36,744	73,615
	-	482
Prior years unders / overs	(128,317)	-
Income tax benefit	<u>(784,723)</u>	<u>(2,127,210)</u>

	Consolidated	
	31 Dec 2018	30 Jun 2018
	\$	\$
Deferred tax asset		
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Tax losses	2,190,656	3,687,085
Allowance for expected credit losses	89,463	129,689
Property, plant and equipment	33,321	28,495
Provision for trader settlements	2,562,627	2,282,482
Management fee payable	2,144,848	-
Short term provisions and other payables	1,143,048	890,975
Capital raising costs (deductible over 5 years)	73,781	88,358
Unrealised losses on financial assets	737,870	732,914
Deferred tax asset	<u>8,975,614</u>	<u>7,839,998</u>

	Consolidated	
	31 Dec 2018	30 Jun 2018
	\$	\$
Deferred tax liability		
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Property, plant and equipment	47,504	42,679
Interest receivable	288,880	33,137
Other current assets	539	729
Accrued revenue	177,724	209,568
Management fee receivable	2,144,848	2,134,768
Deferred tax liability	<u>2,659,495</u>	<u>2,420,881</u>

John Bridgeman Limited
Notes to the financial statements
31 December 2018

Note 12. Income tax (continued)

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

Note 13. Current assets - Cash and cash equivalents

	Consolidated	
	31 Dec 2018	30 Jun 2018
	\$	\$
Currency held as stock (a)	8,542,475	9,140,900
Cash at bank (b)	10,817,396	9,778,236
	<u>19,359,871</u>	<u>18,919,136</u>

(a) The Group holds cash in foreign currencies as stock for its currency exchange businesses. Foreign currency held as stock is accounted for at the Australian dollar equivalent based on the prevailing exchange rate at the close of business on the balance date. Foreign exchange gains and losses from the translation at year end exchange rates are recognised in profit or loss classified as other income/other expenses.

(b) Cash at bank includes an amount of \$3,821,772 for segregated client funds (30 June 2018: \$4,227,224). This amount is held on behalf of clients for trading whose use is restricted to the settlement of associated liability.

Accounting policy for cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Note 14. Current assets - Trade and other receivables

	Consolidated	
	31 Dec 2018	30 Jun 2018
	\$	\$
Trade receivables	3,148,459	4,803,287
Less: Allowance for expected credit losses	(298,211)	(432,296)
	<u>2,850,248</u>	<u>4,370,991</u>
Other receivables	50	547
Receivable in respect of issue of shares by Group entities (a)	-	2,440,000
Receivable for sale of listed shares (a)	-	2,050,000
Less: Provision for impairment of receivables (a)	-	(700,799)
	<u>2,850,298</u>	<u>8,160,739</u>

(a) On 11 September 2018 the receivable balances have been settled via transfer of 814,882 JBFG shares to the Company at a value of \$5.51 per share. The reported value of JBFG shares at the date of transfer was \$4.65 per share. There was a provision for impairment recognised at 30 June 2018 to reflect the adjustment in fair value of the share.

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Note 15. Current assets - Other current assets

Other current assets consist of prepayments and deposits which have been or are expected to be realised within 12 months of the reporting date.

	Consolidated	
	31 Dec 2018	30 Jun 2018
	\$	\$
Accrued revenue - trailing commission	592,405	698,559
Prepayments	433,785	485,319
Other current assets	57,673	138,191
	<u>1,083,863</u>	<u>1,322,069</u>

Note 16. Non-current assets - Investments at fair value through profit and loss

	Consolidated	
	31 Dec 2018	30 Jun 2018
	\$	\$
Investments in listed equities	3,233,738	3,581,897
Other investments	336,453	-
	<u>3,570,191</u>	<u>3,581,897</u>

Investments at fair value through profit and loss include 3,165,083 (30 June 2018: 3,165,083) shares in HML valued at \$3,196,734 (30 June 2018: \$3,544,893). The investment in HML is valued using the net asset value for the year ended 31 December 2018 and is classified as a level 3 security. Refer to Note 26.

Note 17. Non-current assets - Property, plant and equipment

	Consolidated	
	31 Dec 2018	30 Jun 2018
	\$	\$
Leasehold improvements - at cost	4,824,717	3,980,165
Less: Accumulated depreciation	(1,268,194)	(599,292)
	<u>3,556,523</u>	<u>3,380,873</u>
Plant and equipment - at cost	1,977,029	1,711,218
Less: Accumulated depreciation	(938,328)	(308,954)
	<u>1,038,701</u>	<u>1,402,264</u>
Motor vehicles - at cost	951,403	1,067,571
Less: Accumulated depreciation	(226,224)	(192,081)
	<u>725,179</u>	<u>875,490</u>
	<u>5,320,403</u>	<u>5,658,627</u>

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Note 17. Non-current assets - Property, plant and equipment (continued)

Reconciliations

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

Consolidated	Leasehold improvements \$	Plant and equipment \$	Motor vehicles \$	Total \$
Balance at 1 July 2018	3,380,873	1,402,264	875,490	5,658,627
Additions	215,768	29,531	-	245,299
Disposals	(28,098)	(287,858)	(77,146)	(393,102)
Reclassification*	700,752	(7,342)	-	693,410
Depreciation expense	(712,772)	(97,894)	(73,165)	(883,831)
Balance at 31 December 2018	<u>3,556,523</u>	<u>1,038,701</u>	<u>725,179</u>	<u>5,320,403</u>

* In the prior period, a portion of lease incentives related to leasehold improvements had been recorded net of capital improvements. These have now been reclassified to lease incentive liabilities.

Accounting policy for property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Leasehold improvements	2-10 years
Plant and equipment	2-10 years
Motor vehicles	5 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

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Note 18. Non-current assets - Intangibles

	Consolidated	
	31 Dec 2018	30 Jun 2018
	\$	\$
Goodwill - at cost	40,107,865	40,107,865
Licenses - at cost	4,963,960	4,963,960
Less: Accumulated amortisation	(750,365)	(750,365)
Less: Accumulated impairment	(4,211,595)	(4,211,595)
	<u>2,000</u>	<u>2,000</u>
Software - at cost	3,796,408	3,598,461
Less: Accumulated amortisation	(450,268)	(314,359)
Less: Accumulated impairment	(713,768)	(642,186)
	<u>2,632,372</u>	<u>2,641,916</u>
Other intangible assets - at cost	266,878	266,878
Less: Accumulated amortisation	(211,071)	(137,804)
	<u>55,807</u>	<u>129,074</u>
	<u><u>42,798,044</u></u>	<u><u>42,880,855</u></u>

Reconciliations

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

	Goodwill	Licences	Software	Other intangible assets	Total
Consolidated	\$	\$	\$	\$	\$
Balance at 1 July 2018	40,107,865	2,000	2,641,916	129,074	42,880,855
Additions	-	-	197,946	-	197,946
Impairment of assets	-	-	(71,582)	-	(71,582)
Amortisation expense	-	-	(135,908)	(73,267)	(209,175)
Balance at 31 December 2018	<u><u>40,107,865</u></u>	<u><u>2,000</u></u>	<u><u>2,632,372</u></u>	<u><u>55,807</u></u>	<u><u>42,798,044</u></u>

Accounting policy for intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Licences

Significant costs associated with licences are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of between 5 and 10 years.

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Note 18. Non-current assets - Intangibles (continued)

Software

Internally generated software is developed by the entity itself to meet specific business needs when an off the shelf option is not available, or is significantly modified for internal use. Software costs are capitalised as an asset on the basis that the costs result in a future economic benefit to the entity and they can be measured reliably. For an internally generated intangible asset, the cost of the asset comprises all directly attributable costs during the development phase necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by management

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

Note 19. Non-current assets - Purchased debt ledgers

	Consolidated	
	31 Dec 2018	30 Jun 2018
	\$	\$
Purchased debt ledgers	2,552,951	2,559,008
Provision for impairment of purchased debt ledgers (a)	(2,204,327)	(2,124,346)
	<u>348,624</u>	<u>434,662</u>

(a) Tranches of purchased debt ledgers are grouped together on the basis of similar credit characteristics for the purpose of calculating collective impairment losses. Collective impairment provisions are currently based on the historical loss experience in the industry applied to current available observable data on the tranches. Management continue to monitor the performance and key estimates used in determining whether any objective evidence exists that a PDL may be impaired by comparing the carrying value of the purchased debt ledger initially recognised and the expected cashflows forecasts on the collection. Regular assessment of the estimated forecast amortisation rate applied to PDLs. For the half year ended 31 December 2018, the Company estimated that PDLs amortise at a rate of 48% per annum. The amount required to bring the collective provision for impairment to its required level is charged to profit or loss.

Impairment of purchased debt ledgers

The carrying amount of the PDL's are regularly reviewed to ensure that the carrying amount is not impaired. PDLs are collectively assessed for impairment as they are not considered to be individually significant within the portfolio and they have similar credit risk characteristics. A PDL is considered to be impaired if the carrying amount exceeds the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Impairment losses are recognised in the income statement. When a subsequent change in estimated future cashflows causes the amount of impairment loss to reverse, the reversal in impairment is recognised in the income statement to the initial amount of the original impairment loss.

Note 20. Current liabilities - Borrowings

	Consolidated	
	31 Dec 2018	30 Jun 2018
	\$	\$
Bank overdraft	3,880	22,883
Loans from related parties (a)	1,499,163	509,979
Convertible loan	-	2,305,278
Senior debt	1,895,829	-
Other	-	8,996
Hire purchase	13,579	75,026
Lease liability	117,670	107,996
	<u>3,530,121</u>	<u>3,030,158</u>

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Note 20. Current liabilities - Borrowings (continued)

(a) On 10 July 2017, Capital Credit Pty Ltd (Capital Credit) (a subsidiary of JBFG) received a loan from HML of \$450,000 for a term of one year from the advance date at a 5% p.a. interest rate. On 24 December 2018, the loan was extended to 31 December 2020. Should HML elect, the loan may be repaid wholly or in part by way of shares in Capital Credit.

On 10 July 2018 Genesis Proprietary Trading Pty Ltd (Genesis), a wholly owned subsidiary of JBFG received trading funds of \$800,000 from BHD. On 24 December 2018 Genesis agreed to a loan arrangement with BHD for \$800,000, with a maturity date of 31 October 2019 at 9% per annum interest.

Note 21. Non-current liabilities - Borrowings

	Consolidated	
	31 Dec 2018	30 Jun 2018
	\$	\$
Senior debt (a)	5,104,171	-
Loans from related parties (b)	8,030,885	-
Other	-	4,910
Convertible notes payable	3,325,767	3,300,774
Convertible loan (c)	2,412,300	-
Lease incentive liabilities	1,229,406	1,200,542
Finance lease liabilities	1,474,674	779,728
	<u>21,577,203</u>	<u>5,285,954</u>

(a) On 30 November 2018 JBFG, a controlled entity, entered into a senior debt facility with an external investor ('lender'). The total facility is \$7,000,000 over a term of 4 years at 10.5% per annum interest. \$1,895,829 of this debt is classified as a current liability in note 20.

The facility is secured over the assets of JBFG and provides the lender with options to purchase 1 - 1.5% of the ordinary shares of JBFG at a fixed price. The lender may either put those shares to JBFG to repurchase them in certain circumstances or hold them on an ongoing basis.

As at 31 December 2018 the loan facility has been fully drawn down.

(b) On 30 July 2018, the Company received a loan facility of \$2,500,000 from Stuart McAuliffe for a term of 2 months at 7.25% per annum interest. On 6 September, the interest rate was reduced to 5.5% per annum and the term was extended to 30 March 2020. As at 31 December 2018 the balance owing is \$250,000.

On 8 August 2018 the Company received a loan of \$1,134,000 from BHD, for a term of one year at 11.5% per annum interest. On 16 October 2018 the term of the loan facility was extended by 6 months. As at 31 December 2018 the balance owing was \$1,004,620 with all accrued interest paid.

On 8 August 2018 the Company received a loan of \$2,411,000 from HML, for a term of one year at 11.5% per annum interest. On 16 October 2018 the term of the loan facility was extended by 6 months. As at 31 December 2018 the balance owing was \$2,276,265 with all accrued interest paid.

On 17 September 2018 the Company agreed that in respect of the amount of \$4,553,773 due to BHD and previously included in Trade and Other Payables in the Statement of Financial Position as at 30 June 2018, \$4,500,000 is to be repaid over a term of 18 months maturing on 18 March 2020, with an interest rate of 11.5% per annum. As at 31 December 2018 the balance owing was \$4,500,000 with all accrued interest paid.

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Note 21. Non-current liabilities - Borrowings (continued)

(c) On 11 September 2017, JBFG, a controlled entity, entered into a convertible loan agreement with BHD for \$2,200,000 with a maturity of one year and an interest rate of 9.65%. In the event of default, the loan is secured over 100% of the shares in Genesis, a wholly-owned subsidiary of JBFG. At BHD's election and at any time until maturity, the outstanding amount may be settled in cash, or shares in JBFG at a fixed rate of \$6.14 per share, or, shares in Genesis at \$9.98 per share.

On 11 September 2018 the term of the convertible loan was extended by 18 months with a new maturity date of 11 March 2020 and included an option to convert into JB Trading House shares, a controlled entity of JBFG. All other terms of the loan agreement remain the same.

As at 31 December 2018 the balance owing was \$2,412,300 (30 June 2018: \$2,305,278) which includes accrued interest of \$212,300 repayable at maturity of the loan (30 June 2018: \$105,278).

Note 22. Equity - Issued capital

	Consolidated			
	31 Dec 2018	30 Jun 2018	31 Dec 2018	30 Jun 2018
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>24,367,704</u>	<u>26,766,945</u>	<u>20,875,481</u>	<u>25,567,380</u>

Ordinary shares

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

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

Options

In accordance with the Company's prospectus and subsequent capital raisings, attached to each ordinary share issued was an option with an exercise price of \$1.10 per option, exercisable from the date of issue to 31 March 2020.

The options hold no voting or dividend rights and are not transferable. As at 31 December 2018, total share options outstanding was 24,186,520 (30 June 2018: 26,121,678).

Share buy-back

The Company had an on-market share buy-back operational between 14 November 2017 and 12 November 2018. 1,935,158 shares were cancelled on 3 August 2018 and a further 464,083 shares were bought back and cancelled on 24 September 2018.

Capital risk management

Management manages the capital of the Group in order to maintain a sustainable debt to equity ratio, generate long-term shareholder value and ensure that the Group can fund its operations and continue as going concern.

The following group entities holding Australian Financial Services Licenses ('AFSLs') are subject to externally imposed capital requirements:

- JB Markets Pty Ltd (JBM)
- JB Alpha Ltd (JBA)

The AFSLs set base level financial requirements including conditions requiring positive net assets, surplus cash balances and access to enough financial resources to meet liabilities. There were no identified breaches of the conditions during the reporting period.

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Note 22. Equity - Issued capital (continued)

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions of borrowing.

There have been no events of default on the financing arrangements during the financial year.

The capital management policy remains unchanged from the 30 June 2018 Annual report.

Note 23. Equity - Accumulated losses

	Consolidated	
	31 Dec 2018	30 Jun 2018
	\$	\$
Retained profits/(accumulated losses) at the beginning of the financial half-year	(8,379,208)	2,748,977
Loss after income tax benefit for the half-year	<u>(951,001)</u>	<u>(11,128,185)</u>
Accumulated losses at the end of the financial half-year	<u><u>(9,330,209)</u></u>	<u><u>(8,379,208)</u></u>

Note 24. Equity - Dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Note 25. Fair value measurement

Initial measurement, subsequent measurement & classification

Financial assets and financial liabilities are recognised when the Group becomes party to the contractual provisions to the instrument. For financial assets, trade date accounting is adopted, which is equivalent to the date that the Group commits itself to purchase or sell the assets.

Financial instruments are initially measured at fair value. Transaction costs related to financial instruments measured at fair value are expensed to the Statement of Profit or Loss and Other Comprehensive Income immediately.

Financial instruments are subsequently measured at fair value. Current market prices for all quoted investments are used to determine fair value. For all unlisted securities that are not traded in an active market, valuation techniques are applied to determine fair value, including recent arm's length transactions and reference to similar instruments.

The Group classifies its financial instruments into the following categories:

Financial assets at fair value through profit or loss

Financial assets are classified at fair value when they are held for trading. Realised and unrealised gains and losses arising from changes in fair value are included in the Statement of Profit or Loss and Other Comprehensive Income in the period in which they arise.

Term deposits

Term deposits are short-term deposits with a maturity of more than 3 months and less than one year. The Group measures term deposits at amortised cost using the effective interest method. The effective interest rate that exactly discounts the estimated future cash payments and receipts through the expected life of the deposit. When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the term deposit but not future credit losses.

Loans and receivables (including PDLs)

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of services but also incorporate other types of contractual monetary assets, and in the case of PDLs are purchased from third parties. After initial recognition they are measured at amortised cost using the effective interest method, less any provision for impairment. Any change in their value is recognised in profit or loss.

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Note 25. Fair value measurement (continued)

Fair value measurement and the fair value hierarchy

The fair value of quoted instruments is based on current bid prices. Factors considered in determining the fair value of these investments include, but are not limited to, market conditions, purchase price, nature of investment, estimation of liquidity value, subsequent equity financing involving third parties or a significant change in operating performance or potential resulting in a change in valuation, and other pertinent information. Significant valuation issues are reported to the Board.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. The table uses a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

Consolidated - 31 Dec 2018	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Assets				
Investments at fair value through profit or loss	37,004	-	3,533,187	3,570,191
Derivative financial instruments	42,520	-	-	42,520
Total assets	79,524	-	3,533,187	3,612,711
Liabilities				
Foreign currency bank notes (payable)	-	1,752,799	-	1,752,799
Convertible notes - liability component	-	3,325,767	-	3,325,767
Derivative liabilities	556,079	-	-	556,079
Total liabilities	556,079	5,078,566	-	5,634,645

Carrying amounts Consolidated - 31 December 2018	Fair value \$	Measured at amortised cost \$
Financial assets		
Purchased debt ledgers (a)	495,650	495,650
Security deposit (b)	801,309	887,750
	<u>1,296,959</u>	<u>1,383,400</u>

Carrying amounts Consolidated - 31 December 2018	Fair value \$	Measured at amortised cost \$
Financial liabilities		
Foreign currency bank notes (payable) (c)	1,752,799	1,752,799
Convertible notes	3,370,248	3,300,774
Convertible loan - host contract (d)	2,430,788	2,412,300
Finance lease liabilities	1,605,924	1,605,924
	<u>9,159,759</u>	<u>9,071,797</u>

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Note 25. Fair value measurement (continued)

(a) Purchased debt ledgers (PDLs) are initially recognised at fair value plus any directly attributable acquisition costs. Subsequent to initial recognition, they are recognised at amortised cost. The carrying value of PDLs as at 31 December 2018 approximates fair value.

(b) Security Deposits are initially recognised at fair value plus any directly attributable acquisition costs. Subsequent to initial recognition, they are recognised at amortised cost.

(c) Foreign currency bank notes payable are recognised at their purchase price which is the fair value at initial recognition. This is subsequently measured at amortised cost.

(d) On 11 September 2017, JBFG entered into a convertible loan agreement with BHD for \$2,200,000. The loan contains embedded derivatives which represent the BHD's ability to convert any outstanding amount owing on the loan at any time to maturity into shares in JBFG or Genesis at a fixed price per share. Both JBFG and Genesis have unquoted equity instruments. The current share price of both JBFG and Genesis has been assessed in comparison to the strike price attached to the convertible loan and has determined that the value of the shares in JBFG and Genesis is less than the current conversion price. As a result the embedded derivative is valued at \$NIL.

The host contract is valued at amortised cost using a discounted cash flow model for expected repayments.

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Consolidated - 30 Jun 2018				
Assets				
Investments at fair value through profit or loss	37,004	-	3,544,893	3,581,897
Derivative financial instruments	58,448	-	-	58,448
Total assets	95,452	-	3,544,893	3,640,345
Liabilities				
Foreign currency notes (payable)	-	8,213,198	-	8,213,198
Convertible notes - liability component	-	3,300,774	-	3,300,774
Total liabilities	-	11,513,972	-	11,513,972

	Measured at fair value \$	Measured at amortised cost \$
Carrying amounts		
Consolidated - 30 June 2018		
Financial assets		
Purchased debt ledgers	591,950	591,950
Security deposit	688,263	764,004
	<u>1,280,213</u>	<u>1,355,954</u>

	Measured at fair value \$	Measured at amortised cost \$
Carrying amounts		
Consolidated - 30 June 2018		
Financial liabilities		
Foreign currency bank notes payable	8,213,198	8,213,198
Convertible notes	3,334,361	3,300,774
Convertible loan - host contract	2,326,121	2,305,278
Finance lease liabilities	962,750	962,750
	<u>14,836,430</u>	<u>14,782,000</u>

Valuation techniques for fair value measurements categorised within Level 2 and 3

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Note 25. Fair value measurement (continued)

Investments at fair value through profit or loss

The Group holds an investment in equity shares of HML, which is classified as an investment at fair value through profit and loss with a fair value of \$3,196,734 at 31 December 2018 (30 June 2018: \$3,544,893). The investment in HML has been valued using the net asset value as of HML for the year ended 30 June 2018. Investments were classified as level 3 in the prior period as shares were suspended from trading on the ASX.

Convertible notes

The convertible notes consist of 2,227,850 notes issued 6 April 2017 with a face value of \$1.58, maturing on 6 April 2022. Each note is convertible to one fully paid ordinary share in JBL at any time before expiry at the discretion of the holder. On the issue of the convertible notes the liability is recognised at fair value using a market rate for an equivalent non-convertible bond.

Convertible loan

The valuation technique has been discussed above.

The carrying amounts cash and cash equivalents, balances held with brokers, term deposits, trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

Level 3 assets and liabilities

For Level 3 fair values, reasonably possible changes in the significant unobservable inputs would have the following effect.

	Increase	Decrease
Change in NAV (1%)	31,651	(31,651)

The following tables indicate the valuation techniques used in measuring Level 2 and Level 3 fair values for financial instruments measured at fair value in the Statement of Financial Position, together with the significant unobservable inputs used in the measurement of their fair value:

Description	Valuation method	Significant unobservable inputs	Inter-relationship between significant unobservable inputs, fair value measurement and sensitivities
Investment in HML	Net Asset Value ("NAV") technique is used to determine the value of the underlying investment.	The HML share price is unobservable as shares were suspended from trading on the ASX.	The estimated fair value would increase (decrease) if the net asset value increases (decreases).
Convertible loan designated at fair value through profit or loss	Embedded derivative: a Black-Scholes pricing model was used, which incorporated forecast earnings for the valuation of shares in Genesis.	- Forecast earnings - Market multiple	The estimated fair value would increase (decrease) if: - the forecast earnings were higher (lower); or - the market multiple was higher (lower)
Convertible notes - liability	Market interest rate for an unsecured loan of 9.65% was used as the effective interest rate for the debt portion.	- Discount rate	The estimated fair value would increase (decrease) if: - the discount rate were lower (higher)
Foreign currency bank notes (payable)	The fair value is determined using quoted spot exchange rates at the reporting date in the respective currencies.	Not applicable	Not applicable

The financial assets and liabilities recognised by HML at 31 December 2018 were carried at fair value. No other adjustments to the NAV have been applied at 31 December 2018. Refer to the HML interim financial report for further detail in determining the value of the investments held by HML.

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Note 26. Related party transactions

In the normal course of business, the Group transacts with entities regarded as related parties. In accordance with the expanded definition of related party in AASB 124 'Related Party Disclosures', the Company may be required to disclose transactions with the entities included below, notwithstanding the fact that the Company does not exercise control over the financial and operating policies of those entities. For the purpose of this report, any reference to a related party is in accordance with the expanded definition of that term under the Accounting Standards.

During the half year ended 31 December 2018, the following transactions with entities that may be regarded as related parties in accordance with the Accounting Standards occurred.

- i) The compensation arrangements with the Chairman and each of the Executive Directors;
- ii) The interest in the Company held directly and indirectly by the Chairman, Non-Executive Directors and Executive Directors (refer to directors' report).
- iii) Various loans, agreements and equity transactions occurred between entities within the Group and with associated entities as noted below.

The following abbreviations have been used throughout the following transaction details:

Samuel Axe - Samuel Axe Enhanced Fund Ltd

William Kidd - William Kidd Ltd

During the half year ended 31 December 2018, the following related party transactions occurred:

	Consolidated	
	31 Dec 2018	31 Dec 2017
	\$	\$
Sale of goods and services:		
Management fees charged by the Company to HML	456,087	1,092,427
Management fees charged by the Company to BHD	252,604	630,941
Brokerage fees charged to HML	431,695	1,292,382
Brokerage fees charged to BHD	885,737	2,060,578
Commission charged to BHD	79,638	163,889
Performance fees charged by the Company to HML	-	472,398
Performance fees charged by the Company to BHD	-	431,632
Other income:		
Dividends received from BHD	-	4,800
Other income for time involved in audit and other professional services charged to HML	214,569	697,754
Other income for time involved in audit and other professional services charged to BHD	184,564	77,902
Payment for other expenses:		
Interest incurred on loan from HML	120,893	21,884
Interest incurred on loan from BHD	344,173	64,562
Genesis profit sharing arrangement with HML	-	101,588
Foreign currency banknote usage fee paid to BHD	33,520	527,207
Foreign currency banknote usage fee paid to HML	13,982	91,304
Genesis profit sharing arrangement with BHD	-	70,919

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Note 26. Related party transactions (continued)

Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	31 Dec 2018	30 Jun 2018
	\$	\$
Current receivables:		
Receivable from BHD	6,006	-
Brokerage fee receivable from HML	4,290	5,413
Other receivable from Samuel Axe	27,875	26,445
Other receivable from William Kidd	25,940	24,510
Current payables:		
Management fee payable to HML	-	6,250
Trade payables to HML	13,340	106,305
Foreign currency banknotes held on behalf of HML	-	645,604
Trade payables to BHD	125,386	4,582,308
Genesis payable to BHD	-	70,919
Foreign currency banknotes held on behalf of BHD	1,752,799	7,567,612
Interest payable to BHD	34,323	-

Loans to/from related parties

The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated	
	31 Dec 2018	30 Jun 2018
	\$	\$
Borrowings:		
Loan from HML	2,714,824	471,884
Loan from other related parties	303,724	38,095
Other loan from related party	-	1,041
Convertible loan with BHD	2,412,300	2,305,278
Loan from BHD	6,304,620	-
Loan from director	250,000	-

Other transactions

The Company continued to carry an investment in HML which has been valued using the net asset value of HML as of 31 December 2018. The investment was valued at \$3,196,734. (30 June 2018: \$3,544,893)

As at 31 December 2018, the Company continued to carry an investment in BHD valued at \$37,004 (30 June 2018: \$37,004) and BHD Options valued at \$42,520 (30 June 2018: \$42,520)

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates. Terms and conditions in respect of the loans are disclosed in the notes on borrowings.

Changes in investments in consolidated entities

From the start of the financial year to 31 December 2018, the Company acquired 886,856 shares from third parties. These transactions increased the Company's direct investment in JBFG to 2,037,419 shares (7.57%) (2018: 1,150,563 shares (4.27%)), taking the Company's investment in JBFG to \$11,231,307 (2018: \$7,031,582).

John Bridgeman Limited
Notes to the financial statements
31 December 2018

Note 27. Events after the reporting period

JBL takeover offers for Henry Morgan Limited and Benjamin Hornigold Limited

On 10 September 2018, the Company announced its intention to make off-market scrip takeover bids:

- to acquire all of the issued shares in Henry Morgan Limited (HML) that it did not currently own; and
- to acquire all of the issued shares and options in Benjamin Hornigold Limited (BHD) that it did not currently own.

The Company declared both bids free from conditions on 24 December 2018.

On 28 December 2018, an application was made by certain shareholders in HML and BHD to the Takeovers Panel in respect of both bids. At the time of the application, JBL had a relevant interest in 53.56% of the shares in the HML and 38.87% of the shares in BHD.

The Takeovers Panel determined to hear the application, and issued orders preventing the Company from processing acceptances received under the bids.

On 25 January 2019, the Panel made separate declarations of unacceptable circumstances in relation to the affairs of HML and BHD, and made final orders on 8 February 2019, which were released via the NSX announcements platform. As a result, all acceptances received by the Company under the bids were cancelled on 19 February 2019. On 5 March 2019, the Company announced its decision not to proceed further with its bid for BHD. However, the Company is proceeding with its bid for HML and intends to issue a replacement bidder's statement to HML shareholders including certain information prescribed in the orders.

Non-current liabilities - borrowings repaid

On 17 September 2018, the Company entered into a repayment arrangement for \$4,500,000 to be repaid on 18 March 2020, with an interest rate of 11.5% per annum. As at 31 December 2018, the balance owing was \$4,500,000 with all accrued interest paid (refer to note 21). The loan has since been repaid.

No other matter or circumstance has arisen since 31 December 2018 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

John Bridgeman Limited
Directors' declaration
31 December 2018

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Stuart McAuliffe
Managing Director

14 March 2019



PILOT PARTNERS
Chartered Accountants
Level 10, Waterfront Place
1 Eagle St. Brisbane 4000
PO Box 7095 Brisbane 4001
Queensland Australia
P +61 7 3023 1300
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pilotpartners.com.au

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF

JOHN BRIDGEMAN LIMITED

REPORT ON THE HALF YEAR FINANCIAL REPORT

We have reviewed the accompanying half year financial report of John Bridgeman Limited ("the Company" and its subsidiaries ("the Group")), which comprises the consolidated condensed balance sheet as at 31 December 2018 and the consolidated condensed income statement, consolidated condensed statement of changes in equity and consolidated condensed cash flow statement for the half year ended on that date, a statement of significant accounting policies, other selected explanatory notes and the directors' declaration.

DIRECTORS' RESPONSIBILITY FOR THE HALF YEAR FINANCIAL REPORT

The directors of the Company are responsible for the preparation and fair presentation of the half year financial report that gives a true and fair view in accordance with Australian Accounting Standards and with the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group financial position as at 31 December 2018 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.



A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion

INDEPENDENCE

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company would be in the same terms if provided to the directors as at the date of this auditor's review report

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 2 in the financial report, which indicates that the Group incurred a net loss of \$1,525,777 during the half-year ended 31 December 2018 and, had negative cash flows from operations of \$157,762 for the same half-year period. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern, and therefore, whether it will realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

OTHER MATTER

The financial report of the Group, for the year ended 30 June 2018, was audited by another auditor who expressed an unmodified opinion on that report on 19 October 2018. The audit report contained a separate section under the heading Material Uncertainty Related to Going Concern.



CONCLUSION

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the half year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

PILOT PARTNERS
Chartered Accountants

CHRIS KING
Partner

Signed on

14 March 2019

Level 10
1 Eagle Street
Brisbane Qld 4000

Need help?

Contact John Bridgeman Limited
Offer Information Line
Phone 1300 963 991 (from within Australia)
Phone +61 1300 963 991 (from outside Australia)

A Your name

SAMPLE NAME 1
SAMPLE NAME 2
<SAMPLE A/C>
SAMPLE ADDRESS 1
SAMPLE ADDRESS 2

Your holding

Securityholder Reference Number: I12345678910

Henry Morgan Limited (HML) Shares held 99,999,999

If your holding has changed between record date and time of acceptance, then write your current holding here. Your acceptance will be granted over your updated holding.

This is an important document. If you are in doubt as to how to complete this form, please consult your financial or other professional adviser immediately.

Transfer and Acceptance Form – Issuer Sponsored Subregister

This is a personalised form for the sole use of the holder and holding recorded above.

B You must give your instructions to accept the Offer

If you correctly sign and return this form you will be deemed to have accepted the Offer in respect of ALL of your Henry Morgan Limited (HML) Shares. Your form must be received by the Closing Date.

Offer Consideration – 0.95 JBL Shares for each HML Share (fractional entitlements will be rounded to the nearest whole number of JBL Shares)

C Contact details

Please provide your contact name and telephone number in case we need to speak to you about this Acceptance Form.

Telephone Number where you can be contacted during business hours

Contact Name (PRINT)

D You must sign this form for your instructions in this Acceptance Form to be executed

I/We, the person(s) named above, accept the Offer in respect of all my/our Henry Morgan Limited (HML) Shares and hereby agree to transfer to John Bridgeman Limited all my/our Henry Morgan Limited (HML) Shares for the consideration specified in the Offer, and on the terms and conditions of the Offer as set out in the Replacement Bidder's Statement.

Shareholder 1 (Individual)

Sole Director & Sole Company Secretary

Shareholder 2 (Individual)

Secretary/Director (delete one)

Shareholder 3 (Individual)

Director

Please refer overleaf for further important instructions

REGISTRY USE ONLY



SRN



Holding

HMLT TKO001



Further Important Instructions

Your Henry Morgan Limited (HML) Shares are in an Issuer Sponsored Holding. To accept the Offer, you must complete and return this Acceptance Form in accordance with the instructions below.

Please refer to the Replacement Bidder's Statement which accompanies this Acceptance Form. Terms are defined in the Replacement Bidder's Statement and have the same meaning in this Acceptance Form.

Completion instructions

- A** • Please check the front page to ensure that your name and address are correct. If incorrect, please write your correct details and initial the amendments. Amendments to your name can only be processed by your Henry Morgan Limited (HML) Registry.
- Please note your consideration will be issued in the names as they appear on the Henry Morgan Limited (HML) register.
- D** • Please sign this Acceptance Form in the places for signature(s) set out on the front page and in accordance with the following instructions:
 - **Joint Shareholders:** If your Henry Morgan Limited (HML) Shares are held in the names of more than one person, all of those persons must sign this Acceptance Form.
 - **Corporations:** This Acceptance Form must be signed by either two directors or a director and a company secretary. Alternatively, where the company has a sole director and, pursuant to the Corporations Act, there is no company secretary, or where the sole director is also the sole company secretary, that director may sign alone. Alternatively, a duly appointed attorney may sign.
 - **Powers of attorney:** If this Acceptance Form is signed under a power of attorney, please attach a certified copy of the power of attorney to this Acceptance Form when you return it. If this Acceptance Form is signed under Power of Attorney, the attorney declares that he/she has no notice of revocation of the Power of Attorney.
 - **Deceased Estates:** All the executors and administrators must sign this Acceptance Form. When you return this Acceptance Form, please attach it to a certified copy of probate, letters of administration or certificate of grant accompanied (where required by law for the purpose of transfer) by a certificate of payment of death or succession duties and (if necessary) a statement in terms of Section 1071B(9)(b)(iii) of the Corporations Act.

Personal Information Collection Notification Statement: Personal information about you is held on the public register in accordance with Chapter 2C of the *Corporations Act 2001*. For details about Link Group's personal information handling practices including collection, use and disclosure, how you may access and correct your personal information and raise privacy concerns, visit our website at www.linkmarketservices.com.au for a copy of the Link Group condensed privacy statement, or contact us by phone on +61 1800 502 355 (free call within Australia) 9am–5pm (Sydney time) Monday to Friday (excluding public holidays) to request a copy of our complete privacy policy.

Lodgement instructions

- Mail or deliver completed Acceptance Form(s) and any other documents required by the above instructions to:

Mailing Address	or	Hand Delivery
Link Market Services Limited		Link Market Services Limited
Henry Morgan Limited (HML) Takeover		Henry Morgan Limited (HML) Takeover
Locked Bag A14		1A Homebush Bay Drive
SYDNEY SOUTH NSW 1235		RHODES NSW 2138

- A reply paid envelope is enclosed for use within Australia.

Your acceptance must be received by no later than the end of the Offer Period, which is 7:00pm (Sydney time) on the last day of the Offer Period.

If you have any questions about the terms of the Offer or how to accept, please call the John Bridgeman Limited Offer Information Line on the following numbers:

within Australia: 1300 963 991
outside Australia: +61 1300 963 991

Need help?

Contact John Bridgeman Limited
Offer Information Line
Phone 1300 963 991 (from within Australia)
Phone +61 1300 963 991 (from outside Australia)

A Your name

SAMPLE NAME 1
SAMPLE NAME 2
<SAMPLE A/C>
SAMPLE ADDRESS 1
SAMPLE ADDRESS 2

Your holding

Holder Identification Number: X12345678910
Henry Morgan Limited (HML) Shares held 99,999,999
If your holding has changed, then write your current holding here.

This is an important document. If you are in doubt as to how to complete this form, please consult your financial or other professional adviser immediately.

CONTROLLING PARTICIPANT'S NAME
Broker's Name printed here

Transfer and Acceptance Form – CHESS Subregister

This is a personalised form for the sole use of the holder and holding recorded above.

B You must give your instructions to your controlling participant to accept the Offer

If you correctly sign and return this form you will be deemed to have accepted the Offer in respect of ALL of your Henry Morgan Limited (HML) Shares.

Offer Consideration – 0.95 JBL Shares for each HML Share (fractional entitlements will be rounded to the nearest whole number of JBL Shares)

To accept the Offer you may either:

- directly instruct your Controlling Participant to accept the Offer on your behalf; or
 - sign and return this Acceptance Form to the address shown overleaf so the Bidder can contact your Controlling Participant on your behalf and relay your instructions.
- If your Controlling Participant acts on your instruction CHESS will send you a confirmation notice.

C Contact details

Please provide your contact name and telephone number in case we need to speak to you about this Acceptance Form.

Telephone Number where you can be contacted during business hours

Contact Name (PRINT)

D You must sign this form for your instructions in this Acceptance Form to be executed

I/We, the person(s) named above, accept the Offer in respect of all my/our Henry Morgan Limited (HML) Shares and hereby agree to transfer to John Bridgeman Limited all my/our Henry Morgan Limited (HML) Shares for the consideration specified in the Offer, and on the terms and conditions of the Offer as set out in the Replacement Bidder's Statement.

Shareholder 1 (Individual)

Sole Director & Sole Company Secretary

Shareholder 2 (Individual)

Secretary/Director (delete one)

Shareholder 3 (Individual)

Director

Please refer overleaf for further important instructions

REGISTRY USE ONLY



HIN



Broker PID



Holding

HMLT TKO002



Further Important Instructions

Your Henry Morgan Limited (HML) Shares are in a CHESS Holding, you do not need to complete and return this Acceptance Form to the registry to accept the Offer. You can instead contact your Controlling Participant and instruct them to accept the Offer on your behalf in sufficient time before the end of the Offer Period to enable your Controlling Participant to give effect to your acceptance of the Offer on CHESS during business hours. If you decide to use this Acceptance Form to authorise us to contact your Controlling Participant on your behalf, follow the instructions below. You should allow Link Market Services Limited ("Link") sufficient time for the delivery of the Acceptance Form to your Controlling Participant on your behalf. Neither John Bridgeman Limited, nor Link will be responsible for any delays incurred by this process.

Please refer to the Replacement Bidder's Statement which accompanies this Acceptance Form. Terms are defined in the Replacement Bidder's Statement and have the same meaning in this Acceptance Form.

Completion instructions

- A** • Please check the front page to ensure that your name and address are correct. If incorrect, please write your correct details and initial the amendments. Amendments to your name or address can only be processed by your Controlling Participant.
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 - **Powers of attorney:** If this Acceptance Form is signed under a power of attorney, please attach a certified copy of the power of attorney to this Acceptance Form when you return it. If this Acceptance Form is signed under Power of Attorney, the attorney declares that he/she has no notice of revocation of the Power of Attorney.
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Mailing Address

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SYDNEY SOUTH NSW 1235

or

Hand Delivery

Link Market Services Limited
Henry Morgan Limited (HML) Takeover
1A Homebush Bay Drive
RHODES NSW 2138

- A reply paid envelope is enclosed for use within Australia.

Your acceptance must be received by no later than the end of the Offer Period, which is 7:00pm Sydney time on the last day of the Offer Period.

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