

or personal use only



PROSPECTUS

OFFER

For the offer of a minimum of 102,564,103 New Shares and a maximum of 153,846,154 New Shares, at an issue price of 3.9 cents (\$0.039) per New Share to raise between \$4.0m and \$6.0m (Offer).

Important Notice

Completion of the Offer under this Prospectus is conditional upon satisfaction of certain conditions (which are set out in Section 7.1 of this Prospectus), including Shareholders of the Company passing all the Resolutions at the Extraordinary General Meeting to be held on 7 January 2016 (**EGM**). The Resolutions include a proposed 1 for 3 consolidation (**Consolidation**).

This Prospectus is a re-compliance Prospectus for the purposes of satisfying Chapters 1 and 2 of the Listing Rules and to satisfy the ASX requirements for re-listing following a change to the nature and scale of the Company's activities. All references to Securities in this Prospectus are on a post-Consolidation basis.

This document is important and should be read in its entirety.

The Shares offered under this Prospectus should be considered a highly speculative investment.

If you are in any doubt as to the course you should follow you should consult your accountant, solicitor, stockbroker or other professional advisor.

CHANGE IN THE NATURE AND SCALE OF ACTIVITIES AND RE-COMPLIANCE WITH CHAPTERS 1 AND 2 OF THE LISTING RULES

A Notice of Meeting (**NOM**) was been despatched to Shareholders of BGD Corporation Ltd (**BGD** or the **Company**) on 8 December 2015, with respect to an Extraordinary General Meeting to be held on 7 January 2016 (**EGM**).

At the EGM, Shareholders will be asked to approve Resolutions that will allow the Company to acquire certain assets and businesses of Modern Medical Pty Ltd (collectively referred to as the **Modern Medical Group** and **MMG**), which owns and operates integrated primary healthcare clinics across Victoria. The proposed transaction between the Company and the Modern Medical Group is referred to as the **Proposed Transaction** in this Prospectus.

Please refer to Section 3.4 of this Prospectus for a summary of the Resolutions to be tabled at the EGM in accordance with the NOM.

Completion of the Proposed Transaction will change the scale and nature of the Company's activities. Accordingly, in the event that Shareholders approve all the Resolutions at the EGM, the Company's Securities will be suspended until the Company has re-complied with Chapters 1 and 2 of the Listing Rules. This Prospectus is issued to assist the Company to re-comply with these requirements.

There is a risk that the Company may not be able to meet the requirements of the ASX for re-quotation on the ASX. In the event the conditions to the Offer are not satisfied or the Company does not receive conditional approval for re-quotation on the ASX then the Company will not proceed with the Offer and will repay all Application Monies received.

DATE AND LODGEMENT OF PROSPECTUS

This Prospectus is dated 23 December 2015 and has been issued by the Company, and was lodged with ASIC on the same date. Neither ASIC nor ASX take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates. The Company has issued both a printed and an electronic version of this Prospectus and the electronic version may be accessed at www.bgdcorporation.com.au.

No person or entity is authorised to give any information or to make any representation in connection with the Offer described in this Prospectus that is not contained in this Prospectus. Any information or representation in relation to the Offer not contained in this Prospectus may not be relied on as having been authorised by the Company or the Directors of the Company in connection with the Offer. The information on the official website of the Company www.bgdcorporation.com.au does not form part of this Prospectus.

RISK FACTORS

This Prospectus should be read in its entirety. The Board considers an investment in the Shares offered under this Prospectus to be speculative and recommends that you seek professional advice from an accountant, solicitor, stockbroker or other professional advisor before deciding whether or not to subscribe for the Shares offered by this Prospectus. There is no guarantee that the Shares offered under this Prospectus will provide a return of capital, lead to payment of a dividend or that there will be any capital increase in the value of the Shares. Potential Applicants are referred to Section 5 of this Prospectus for a summary of these risk factors. No Shares will be issued on the basis of this Prospectus after its expiry

date, being 13 months after the date of this Prospectus.

Application will be made within 7 days after the date of issue of this Prospectus for permission for the Shares offered by this Prospectus to be listed for quotation on the ASX. The Shares issued pursuant to this Prospectus will be issued on the terms and conditions set out in this Prospectus.

JURISDICTION

This Prospectus does not constitute an offer or invitation, whether in electronic or paper form, in any place which, or to any person to whom, it would not be lawful to make such an offer or invitation. This Prospectus only constitutes an offer in Australia or New Zealand. Where this Prospectus has been dispatched to, or accessed electronically outside Australia or New Zealand by Overseas Applicants, this Prospectus is provided for information purposes only. The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law, and persons who come into possession of the Prospectus should seek advice on, and observe, any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. It is the responsibility of all Overseas Applicants to ensure compliance with the laws of any country relevant to their application for Shares under this Prospectus. Overseas Applicants are referred to Section 7.14 of this Prospectus.

ELECTRONIC PROSPECTUS

This Prospectus will be issued in paper form and as an electronic Prospectus. A copy of this Prospectus can be downloaded at the Company's website: www.bgdcorporation.com.au. Persons who receive the electronic version of this Prospectus should ensure that they download and read the entire Prospectus. If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. During the Offer Period, any person may obtain a hard copy of this Prospectus free of charge by contacting the Company Secretary of the Company on +61 419 473 925.

Applications under the Offer may only be made on paper copies of the Application Form attached to or accompanying this Prospectus. The Application Form included in this Prospectus may only be distributed if it is included in, or accompanied by, a complete and unaltered copy of this Prospectus. The Application Form contains a declaration that the Applicant has personally received the complete and unaltered Prospectus prior to completing the Application Form. The Corporations Act prohibits any person from passing an Application Form to any other person unless it is attached to, or accompanied by, a complete and unaltered hard or electronic copy of this Prospectus. The Company reserves the right not to accept an Application Form from any person if it has reason to believe that when that person was given the Application Form, that person was not provided with a complete and unaltered copy of this Prospectus and any relevant supplementary or replacement Prospectus.

If you have received an Application Form for the Shares under the Offer without a complete and unaltered copy of this Prospectus, please contact the Company who will send you, free of charge, either a printed or an electronic version of this Prospectus.

FORECASTS AND FORWARD-LOOKING STATEMENTS

This Prospectus includes, or may include, forward-looking statements including, without limitation, forward-looking statements regarding the Company's and/or MMG's financial

Important Information

position, business strategy and plans and objectives for its projects and future operations (including development plans and objectives), that have been based on the Company's and/or MMG's current expectations about future events. These forward-looking statements are subject to known and unknown risks, uncertainties and assumptions that could cause actual results, performance or achievements to differ materially from future events, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company's and/or MMG's present and future business strategies, and the environment in which the Company will operate in the future. Matters not yet known to the Company and/or MMG, or not currently considered material to the Company, may impact on these forward-looking statements. Although the Company believes that the expectations reflected in the forward looking statements are reasonable, it cannot guarantee future results, levels of activity, performance or achievements, and the Company does not assume responsibility for the accuracy and completeness of the statements. The statements reflect views held only as at the date of this Prospectus. In light of these risks, uncertainties and assumptions, the forward-looking statements discussed in this Prospectus might not occur. Potential Applicants are therefore cautioned not to place undue reliance on these statements.

PRIVACY DISCLOSURE STATEMENT

By completing an Application Form to apply for Shares under the Offer, you are providing personal information to the Company through the Company's service provider, the Share Registry, which is contracted by the Company to manage Applications.

The Company, and the Share Registry on its behalf, collect, hold and use that personal information in order to process your Application, service your needs as a Shareholder, provide facilities and services that you request and carry out appropriate administration. If you do not provide the information requested in the Application Form, the Company and the Share Registry may not be able to process or accept your Application.

Your personal information may also be used from time to time to inform you about other products and services offered by the Company which it considers may be of interest to you. Your personal information may also be provided to the Company's agents and service providers on the basis that they deal with such information in accordance with the Company's privacy policy. The Company's agents and service providers may be located outside Australia where your personal information may not receive the same level of protection as that afforded under Australian law. The types of agents and service providers that may be provided with your personal information and the circumstances in which your personal information may be shared are:

- the Share Registry for ongoing administration of the shareholder register;
- printers and other companies for the purpose of preparation and distribution of statements and for handling mail;
- legal and accounting firms, auditors, contractors, consultants and other advisors for the purpose of administering, and advising on, the Securities and for associated actions.

You may request access to your personal information held by (or on behalf of) the Company. You may be required to pay a reasonable charge to the Share Registry in order to access your personal

information. Access requests must be made in writing or by telephone call to the Company's registered office or the Share Registry's office, details of which are disclosed in the Corporate Directory.

The Corporations Act requires the Company to include information about security holders (including name, address and details of securities held) in its public register. The information contained in the Company's public register must remain there, even if that person ceases to be a security holder. Information contained in the Company's public register is also used to facilitate distribution of payments and corporate communications (including financial results, annual reports and other information that the Company may elect to utilise to communicate with its security holders) and compliance by the Company for legal and regulatory requirements. For instance, in certain circumstances details of security holder's names and holdings must be disclosed by the Company in its annual reports.

TERMS AND ABBREVIATIONS

Certain abbreviations and other defined terms are used throughout this Prospectus. Defined terms are generally identifiable by the use of an upper case first letter.

Details of the definitions and abbreviations used in this Prospectus are contained in the Definitions in Section 11 of this Prospectus.

CURRENCY

Unless otherwise noted in this Prospectus, all references to "\$" or "dollars" are to Australian dollars.

DIAGRAMS

Diagrams appearing in this Prospectus are illustrative only and may not be drawn to scale.

TIMETABLE

Notwithstanding any provision of this Prospectus, the Board may, from time to time and without giving any notice, abridge or further abridge, extend or further extend any period or vary or further vary any date referred to in this Prospectus for such period or to such later date as the Board thinks fit, whether or not the period to be extended has expired, or the date to be varied has passed.

SHAREHOLDER APPROVAL AND CONSOLIDATION

The Offer is subject to and conditional upon the Company's Shareholders approving all Resolutions at the EGM.

Amongst others, Shareholder approval will be sought by the Company to conduct the 1 for 3 Consolidation.

Accordingly, unless otherwise noted, all references to Securities in this Prospectus are on a post-Consolidation basis.

Potential Applicants should note that all post-Consolidation figures noted in this Prospectus are approximates only, and subject to rounding.

CURRENT BOARD OF DIRECTORS

Mr Shane Tanner, Non-Executive Chairman
Mr Jonathan Lim, Executive Director
Mr Faldi Ismail, Non-Executive Director

PROPOSED BOARD OF DIRECTORS

Mr Shane Tanner, Non-Executive Chairman
Mr Jonathan Lim, Executive Director
Dr Todd Cameron, Executive Director
Mr Jeremy Kirkwood, Alternate Director to Dr Cameron

COMPANY SECRETARY

Mr Heath Roberts

AUDITOR

Ernst & Young
The Ernst & Young Building
11 Mounts Bay Road
Perth WA 6000

REGISTERED OFFICE

Level 2, Suite 202
50 Clarence Street
Sydney NSW 2000

WEBSITE

www.bgdcorporation.com.au

SOLICITORS TO THE OFFER

Whittens & McKeough Pty Ltd
Level 5, 137-139 Bathurst Street
Sydney NSW 2000

UNDERWRITER TO THE OFFER (MINIMUM SUBSCRIPTION)

Liverpool Partners Pty Ltd
ABN 61 159 465 193
AFSL 429 777
Level 2, Suite 202
50 Clarence Street
Sydney NSW 2000

SHARE REGISTRY

Automic Registry Services
Suite 1a, Level 1, 7 Ventnor Avenue
West Perth WA 6005

INVESTIGATING ACCOUNTANT

Stantons International Securities Pty Ltd
Level 2, 1 Walker Avenue
West Perth WA 6005

ASX CODE

ASX:BGD

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Key Offer Information

Indicative Timetable	Date*
Lodgement of Prospectus with ASIC	23 December 2015
Opening Date of the Offer	23 December 2015
Suspension of the Company's Securities from trading (at the close of trade)**	6 January 2016
Extraordinary General Meeting of Shareholders to be held to approve the Proposed Transaction (which includes Consolidation)	7 January 2016
Closing Date of the Offer	21 January 2016
Allotment of Shares under the Notice of Meeting and Prospectus	22 January 2016
Completion of Proposed Transaction	22 January 2016
Pre-quotation disclosure to ASX	27 January 2016
Reinstatement of Company to trade on ASX	28 January 2016

*The above dates, other than the date of lodgement of the Prospectus with ASIC and the date of the EGM, are indicative only and each or any of them may be varied without notice.

**Assuming that all Resolutions at the EGM are approved by Shareholders, the Company's Securities will continue to remain suspended from the Official List of the ASX until satisfaction of the conditions of the Offer and ASX approve the Company's re-compliance with the admission requirements of Chapters 1 and 2 of the Listing Rules. Accordingly, there will be no trading in the Company's Securities until the Company has been reinstated to the Official List of the ASX.

Key Statistics of the Offer^(a)

Issue Price per New Share	\$0.039
Minimum/Maximum total number of New Shares issued under the Offer ^(b)	102,564,103 – 153,846,154
Minimum/Maximum cash proceeds to be received under the Offer	\$4,000,000 - \$6,000,000
Number of existing Shares on issue	104,004,558
Number of Consideration Shares to be issued as part of the Proposed Transaction	83,181,818
Minimum /Maximum number of post-Consolidation Shares on issue on reinstatement to ASX	289,750,479 – 341,032,530
Minimum/Maximum market capitalisation at Issue Price (\$0.039) ^(c)	\$11,300,269 – \$13,300,269
Minimum/Maximum ownership by investors under Offer on completion of the Proposed Transaction	35.40% – 45.11%
Options on issue on completion of the Proposed Transaction	33,333,334

Notes:

- (a) All figures are on a post-Consolidation basis and subject to rounding.
- (b) The minimum subscription under the Offer is underwritten by Liverpool Partners.
- (c) Market capitalisation is usually determined by multiplying the number of Shares on issue by the price that the Shares trade on the ASX from time to time. For indicative purposes only, market capitalisation assumes the Issue Price as shown. Shares may not trade at the Issue Price after reinstatement to ASX. If Shares trade below the Issue Price, the market capitalisation of the Company will be lower than the amounts in the range shown.

Dear Investor,

On behalf of the Directors of BGD Corporation Limited (**BGD** or the **Company**), I am pleased to invite you to become a Shareholder in the Company.

On 11 November 2015, the Company announced that it had entered into a binding sale of business deed to acquire certain businesses and assets of the Modern Medical Group (**MMG**), subject to a number of conditions precedent being satisfied or waived. The proposed acquisition of certain businesses and assets of MMG by the Company is referred to as the **Proposed Transaction** in this Prospectus. Shareholder approval for the Proposed Transaction and associated Resolutions is being sought at the upcoming EGM to be held on 7 January 2016.

The Proposed Transaction is BGD's first step in building and growing a business in the allied health and medical services industry (**AHM Industry**). MMG will provide a strong platform for the Company to embark on its strategy to grow an allied health and medical service offering across a range of settings including clinics, mobile and community care.

The Board believes the macro themes of the AHM industry to be extremely compelling. In addition, the industry is benefiting from changes in government policies aimed at shifting the provision of healthcare services away from hospitals to primary healthcare providers to reduce the cost of service delivery.

Additionally, the AHM industry is fragmented with many niche providers, presenting significant opportunity for development.

Completion of the Proposed Transaction is subject to a number of condition precedents being satisfied or waived, including the completion of a capital raising (which will be conducted under this Prospectus) and the Company re-complying with Chapters 1 and 2 of the ASX Listing Rules. In accordance with the Listing Rules, in the event that all Resolutions at the EGM are approved by the BGD Shareholders, the Company's Securities will be suspended from the ASX until the Company has re-complied with Chapters 1 and 2 of the Listing Rules.

This Prospectus is being issued to assist the Company re-comply with the Listing Rules and also raise sufficient funds to complete the Proposed Transaction. Under this Prospectus, the Company proposes to raise a minimum of \$4.0m (which is underwritten) and a maximum of up to \$6.0m under the Offer via the issue of up to 153,846,154 New Shares (post-Consolidation) at an issue price of 3.9cents per New Share.

On behalf of my fellow Directors, I invite you to subscribe for New Shares in BGD and look forward to working to deliver its anticipated success. However, before making an investment decision, please read this Prospectus thoroughly and seek financial or other advice should you so require.

Yours sincerely



Mr Shane Tanner
Non-Executive Chairman
23 December 2015

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Section One

Investment Overview

Section One

Investment Overview

This Section is a summary only and is not intended to provide full information for investors intending to apply for New Shares offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety.

All defined terms have the meaning as set out in the Section 11 of this Prospectus.

Topic	Summary	Section
A. OVERVIEW OF THE COMPANY, MMG AND THE PROPOSED TRANSACTION		
Who is the issuer of this Prospectus?	BGD Corporation Limited ACN 009 074 588 (ASX:BGD) (BGD or the Company)	
Who is BGD?	<p>BGD Corporation Limited is an ASX listed company which trades under the ticker code "BGD".</p> <p>BGD has historically operated as a resources and materials company. Recently, in December 2014, the Company completed a restructure and recapitalisation.</p> <p>Since then, the Company has explored the development of its existing assets, and has also investigated acquisition and investment opportunities.</p>	Section 3.2
Who is MMG?	<p>Founded in 2003, Modern Medical Pty Ltd and its associated entities (collectively referred to as MMG or the Modern Medical Group) has expanded to six integrated medical clinics that provide general practice services and sub-lease clinic space to a range of other primary healthcare services including allied health and pathology. The facilities are located within Melbourne and its surrounding suburbs.</p> <p>MMG provides consulting facilities, nursing and support services to the medical practitioners who provide healthcare services within MMG clinics. The majority of general practice services performed by doctors within MMG facilities are funded by the Government in whole or in part via Medicare.</p>	Section 3.6
What are MMG's key facts and statistics?	<ul style="list-style-type: none"> • MMG operates six integrated medical clinics across Melbourne. Notably, under the Proposed Transaction, only two of the clinics will be initially acquired, with the Company being granted an option to acquire the remaining clinics. • In FY15, the combined clinics provided 159,228 consultations, with the two largest clinics in Caroline Springs and Balwyn accounting for 62% of all consultations. • MMG has 125 consulting rooms available across all its clinics. • As of November 2015, 87 GPs operated out of the MMG clinics. • MMG's Caroline Springs clinic expanded in 2015 into a larger new facility and offers after hours services and ancillary services in allied health and pathology (through subleases). 	Section 3.6
What is the Proposed Transaction?	<p>On 8 October 2015, the Company announced that it had signed a binding heads of agreement with MMG to acquire certain businesses and assets of MMG (Initial Clinics), with options granted for the Company to acquire the remaining businesses and assets of MMG (Remaining Clinics), subject to a number of conditions precedent being satisfied. The transaction between the Company and MMG is referred to as the Proposed Transaction in this Prospectus.</p> <p>On 11 November 2015, the Company announced that it had executed a binding sale of business deed (Sale Deed) to effect the terms of the Proposed Transaction.</p> <p>Under the terms of the Proposed Transaction, the Company, through its wholly owned subsidiary, has agreed to initially acquire the assets and businesses of two clinics based in the Victorian suburbs of Caroline Springs and Balwyn, and be granted options to acquire the assets and businesses of the remaining clinics, which are based in the Victorian suburbs of Craigieburn, Bayswater, Hobsons Bay and Wyndham Vale.</p> <p>Completion of the Proposed Transaction is subject to a number of conditions precedent being satisfied and/or waived, including obtaining BGD Shareholder approval (which is being sought at the upcoming Extraordinary General Meeting to be held on 7 January 2016 (EGM)). In the event that Shareholder approval is obtained at the EGM,</p>	Section 3.3

Section One Investment Overview

Topic	Summary	Section																				
	<p>the Company's Securities will be suspended from trading on the ASX until the following have been completed:</p> <ul style="list-style-type: none"> the Offer under this Prospectus; and re-compliance with Chapters 1 and 2 of the Listing Rules and re-admission to quotation on ASX. 																					
What are the key Terms of the Proposed Transaction?	<table border="1"> <thead> <tr> <th>Term</th> <th>Description</th> </tr> </thead> <tbody> <tr> <td>Conditions precedent</td> <td> <p>Completion of the Proposed Transaction is conditional on a number of conditions being satisfied and/or waived, which includes the following:</p> <ul style="list-style-type: none"> (i) successful completion of a capital raising is being conducted under this Prospectus; (ii) at least 60% of the doctors currently engaged by MMG agreeing to be engaged by the Company at each of their respective MMG clinics post-completion of the Proposed Transaction; and (iii) receipt of all requisite shareholder and regulatory approvals. <p>Full list of the conditions precedent are set out in Section 8.1.5 of this Prospectus.</p> </td> </tr> <tr> <td>Initial Clinics</td> <td> <p>The Initial Clinics comprise the businesses and assets of Modern Medical Caroline Springs (MMCS), incorporating Caroline Springs Specialist Centre (CSSC), Modern Medical Balwyn (MMBN), Modern Medical Administration Unit Trust (MMAT) and Modern Medical Group Pty Ltd (MMGPL).</p> <p>The acquisition will be the purchase of a going concern and will include transfer to the Company of all business names, trademarks, copyright and other intellectual property rights associated with MMG.</p> </td> </tr> <tr> <td>Remaining Clinics</td> <td> <p>The Remaining Clinics comprise the business and assets of Modern Medical Hobsons Bay (MMHB), Modern Medical Craigieburn (MMCB), Modern Medical Bayswater (MMBW) and Modern Medical Wyndham Vale (MMWV).</p> </td> </tr> <tr> <td>MMG Vendors</td> <td> <p>Entities associated with Dr Todd Cameron (Torac Pty. 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Of this amount, 61% will be paid by the Company via the issue of fully paid ordinary shares in the Company (Consideration Shares).</p> <p>The remaining balance of the Initial Payment will be paid by the Company in cash.</p> <p>The Initial Payment may be potentially reduced to account for certain employee entitlements and transitioning employees and to ensure a minimum working capital for the Company.</p> </td> </tr> <tr> <td>Earn-Out Payment</td> <td> <p>An earn-out may be payable in March 2017 and is dependant on the financial performance of the Initial Clinics for the 12 month period ending 31 December 2016. 50% of the earn-out payment will be satisfied by the issue of Shares in the Company.</p> </td> </tr> <tr> <td>Option Consideration</td> <td> <p>The consideration payable by the Company to the Sale Vendors (or their nominees) for the granting of the options over the Remaining Clinics is \$500,000 in cash.</p> </td> </tr> <tr> <td>Options over Remaining Clinics</td> <td> <p>The Company (or its nominee) have been granted call options, and the Sale Vendors (or their nominees) will be granted put options, over each</p> </td> </tr> </tbody> </table>	Term	Description	Conditions precedent	<p>Completion of the Proposed Transaction is conditional on a number of conditions being satisfied and/or waived, which includes the following:</p> <ul style="list-style-type: none"> (i) successful completion of a capital raising is being conducted under this Prospectus; (ii) at least 60% of the doctors currently engaged by MMG agreeing to be engaged by the Company at each of their respective MMG clinics post-completion of the Proposed Transaction; and (iii) receipt of all requisite shareholder and regulatory approvals. <p>Full list of the conditions precedent are set out in Section 8.1.5 of this Prospectus.</p>	Initial Clinics	<p>The Initial Clinics comprise the businesses and assets of Modern Medical Caroline Springs (MMCS), incorporating Caroline Springs Specialist Centre (CSSC), Modern Medical Balwyn (MMBN), Modern Medical Administration Unit Trust (MMAT) and Modern Medical Group Pty Ltd (MMGPL).</p> <p>The acquisition will be the purchase of a going concern and will include transfer to the Company of all business names, trademarks, copyright and other intellectual property rights associated with MMG.</p>	Remaining Clinics	<p>The Remaining Clinics comprise the business and assets of Modern Medical Hobsons Bay (MMHB), Modern Medical Craigieburn (MMCB), Modern Medical Bayswater (MMBW) and Modern Medical Wyndham Vale (MMWV).</p>	MMG Vendors	<p>Entities associated with Dr Todd Cameron (Torac Pty. 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Section One Investment Overview

Topic	Summary	Section
	<p>of the Remaining Clinics on the following terms:</p> <p>(i) Each of MMCB and MMBW: Exercise price of 5.0x maintainable EBIT for the calendar year ended 31 December 2017. Expiry date of 31 March 2018; and</p> <p>(ii) Each of MMHB and MMWV: Exercise price of 5.0x maintainable EBIT for the calendar year ended 31 December 2018. Expiry date of 31 March 2019, (collectively the MMG Options).</p> <p>Each of the MMG Options can only be exercised if the respective clinic has an EBIT in excess of \$100,000. Payment of the exercise prices will be a mixture of cash and Shares (between 20-50% of the exercise price) in the Company.</p>	
	<p>Management services For a management fee, the Company will provide management services to the MMG Vendors for the purpose of managing the Remaining Clinics until all the MMG Options have been exercised or lapsed.</p>	
	<p>Voluntary escrow The MMG Vendors have agreed to voluntarily escrow all of their Consideration Shares as follows:</p> <p>(i) All escrowed for 12 months from the date of issue;</p> <p>(ii) Two thirds escrowed for 18 months from the date of issue; and</p> <p>(iii) One third escrowed for 24 months from the date of issue.</p>	
What industry will BGD operate in following completion of the Proposed Transaction?	<p>Completion of the Proposed Transaction will result in the nature and scale of BGD's activities being significantly changed.</p> <p>MMG operates in a subset of the Australian primary health industry, known as the allied health and medical services industry (AHM Industry).</p> <p>The AHM Industry, as defined in this Prospectus includes the provision of certain allied health and medical services via medical clinics, aged care facilities and home care. A further breakdown of the services provided by each of these modes is set out in Section 2.2 of this Prospectus.</p>	Section 2
How does MMG generate its income?	<p>MMG's business model is based on the provision of clinical and support services to medical practitioners (predominantly general practitioners (GPs)), allowing GPs to focus on providing care to their patients. Under this business model, the medical practitioners are not employees of MMG, but instead, enter into service agreements with MMG. Pursuant to these service agreements, the Company provides consulting rooms within a medical clinic, medical supplies, and administrative, nursing and other services to the GPs; whom in turn provide their medical services to patients and pay a significant portion of the revenue generated to MMG.</p> <p>Based on MMG's unaudited management accounts, for FY15, 83% of MMG's revenue is derived from patient fees, with smaller portions derived from government incentives and rental income for sub-letting clinic spaces and facilities to other healthcare professionals.</p>	Section 3.6.3
What sort of services are offered at MMG clinics ?	<p>MMG provides allied health and medical services to communities based in Victoria. These services include:</p> <ul style="list-style-type: none"> • General practice • Pathology (through subleases) • Allied health services vary between the clinics and can include physiotherapy, audiology, podiatry, dietetics and other allied health services • Consulting rooms for specialist medical practitioners • After hours services 	Section 3.6.3
What is MMG's	MMG considers its key strengths to include:	Section 3

Section One

Investment Overview

Topic	Summary	Section
key strengths?	<ul style="list-style-type: none"> • Historic track record: MMG had 159,228 patient consultations in FY15. • Growth Platform: Platform asset of scale and a proven track record of growing integrated medical clinics. Substantial capital investment in both systems and processes has been made by MMG with the business now primed for growth. • Management team: Together with co-founder Todd Cameron, the MMG management team have demonstrated a track record of growing a business in the allied health and medical services sector. 	
How does MMG expect to fund its operations?	MMG does not require the funds raised under this Prospectus to continue to fund its operations, and the funds raised are primarily being sought to assist the Company in complying with Chapters 1 and 2 of the Listing Rules.	
B. BUSINESS MODEL AND STRATEGY		
Why should the Company enter the AHM Industry?	<p>The Board considers there to be a number of factors in support of its decision to proceed with the Proposed Transaction:</p> <ul style="list-style-type: none"> • Compelling macroeconomic growth drivers in healthcare, including a growing and ageing population and an increased incidence of chronic disease; • Favourable government funding policies redirecting funding from public to private service providers; • Based on Table 2, significant scope for ongoing industry consolidation; and • Significant opportunity to provide corporatised allied health and medical services to the home care, aged care and retirement village sectors, given the relatively low levels of penetration and favourable government funding policies. 	Section 2
What is the Board's plan post-completion of the Proposed Transaction?	<p>MMG will be the Company's platform asset into the AHM Industry and will be used to integrate future assets and businesses through further investments and acquisitions (subject to available capital).</p> <p>Key elements of the Company's strategy can be summarised as follows:</p> <ul style="list-style-type: none"> • Multidisciplinary service offering – provision of general and specialist medical practitioners as well as allied health practitioners, such as physiotherapists, occupational therapists, optometrists and podiatrists. • Continued client focus – services delivered either in multi-disciplinary clinics (to address patient desire for increased convenience) or through practitioners who are mobile or embedded within client facilities. • Development and diversification of revenue streams – develop both a direct to consumer revenue stream (primarily through services delivered at multi-disciplinary clinics) and business-to-business contracted revenue stream (primarily derived from practitioners embedded within customer premises including aged care facilities and retirement villages). • Complementary investments and acquisitions – in order to accelerate the Company's strategy and provide access to new geographic markets or allied health services, the Board intends to diligently explore investment and acquisition opportunities that fit a certain criterion, which are set out in Section 3.9 of this Prospectus. 	Section 3.5

Topic	Summary	Section
C. RISKS		
<p>What are the key risks?</p>	<p>A list of the risks associated with an investment in the Company under this Prospectus is provided in Section 5. Key risks include:</p> <p>Growth and profitability dependant on medical practitioners</p> <p>Medical practitioners (especially GPs) are the main source of patient attendances and revenue to MMG’s clinics. The success of MMG’s business is heavily reliant on its ability to retain and recruit quality and experienced medical practitioners (especially GPs). There is a risk that GPs may cease to practice at MMG clinics due to a range of factors including competition, ageing of facilities or obsolescence of equipment or not wanting to be part of a listed organisation.</p> <p>Changes to key agreements with medical practitioners and tenants</p> <p>There is a risk that any one of or all of the MMG clinics will be unable to maintain or renew key agreements with the GPs and other medical professionals that they currently have in place. Any adverse changes to its commercial relationships with the customers would materially affect its financial position and prospects.</p> <p>General operational risks of the MMG business</p> <p>MMG’s current and future operations of its business may be affected by a range of factors such as regulatory factors and increased corporate governance issues associated with being operated by a listed company, fluctuations in revenue generated from its GPs and the ability to manage allied health and medical services clinics that provides a fulfilling service for patients and employees. Additional factors are set out in Section 5.1.3 of this Prospectus.</p> <p>Risks associated with continued expansion in new geographic markets or allied health services</p> <p>As part of the Company’s broader strategy, the Company plans to explore opportunities to invest or acquire further clinics in new geographic markets or allied health services. A risk exists that additional assets cannot be acquired given the quality of available assets, price expectations of relevant vendors or ability to raise additional capital. In addition, there is a risk that despite efforts from the Company, expansion efforts will fail which will adversely affect the growth and profitability of the Company’s businesses in the AHM Industry.</p> <p>Renewal of pathology contracts</p> <p>It is common practice for pathology providers to pay high rents for co-located collection centres within medical clinics in order to provide convenient access to patients who require pathology testing. There is a risk that changes in regulations or enforcement of a ‘defined’ market rate rent of pathology leases may adversely impact MMG’s financial performance and position in the future.</p> <p>Concentration of owernship within MMG Vendors</p> <p>In the event that the Proposed Transaction completes, the MMG Vendors will collectively hold approximately between 22.2% (maximum of \$6m raised under this Prospectus, fully diluted) and 28.7% (minimum of \$4m raised under this Prospectus, undiluted) of the Company’s issued capital. Furthermore, in the event that the Earn-Out Payment is made to the MMG Vendors (50% which will be in the form of Earn-Out Shares), the percentage of ownership within the MMG Vendors will increase even further. Therefore, there will be a concentration of the ownership of the Company among the MMG Vendors.</p> <p>However, following completion of the Proposed Transaction, the MMG Vendors (or their nominees) will no longer be associates for the purpose of Chapter 6 of the Corporations Act. Therefore, this risk should not be taken as a representation that the MMG Vendors (or their nominees) will act in concert with one another, likely exercise their</p>	<p>Section 5</p>

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Investment Overview

Topic	Summary	Section
	<p>voting rights as Shareholders in the same manner or that the MMG Vendors (or their nominees) as a whole are associated parties, post-completion of the Proposed Transaction.</p> <p>Loss of key personnel</p> <p>The future success of the Company depends upon its continuing ability to attract and retain highly qualified personnel. The ability to attract and retain the necessary personnel could have a material effect upon the Company's business, results of operations and financial condition.</p> <p>Threat of medical indemnity claims</p> <p>In the normal course of business, patients may commence litigation for medical negligence against the medical practitioners contracted by the MMG clinics. Subject to arrangements of indemnity insurance and the outcome, any litigation against the medical practitioners may potentially impact MMG's reputation, which may in turn, impact its financial performance.</p>	
D. KEY INFORMATION ON THE OFFER		
What is the Offer?	<p>Note: All references to Securities in this Prospectus are on a post-Consolidation basis, assuming that Resolution 1 of the Notice of Meeting (Consolidation of the Company's capital on a 1 for 3 basis) has been approved by BGD Shareholders.</p> <p>There is one offer under this Prospectus.</p> <p>Details as follows:</p> <ul style="list-style-type: none"> For the offer of a minimum of 102,564,103 New Shares and a maximum of 153,846,154 New Shares, at an issue price of 3.9 cents (\$0.039) per New Share to raise between \$4.0m and \$6.0m (Offer). 	Section 7.2
How will the Offer be structured?	<ul style="list-style-type: none"> Issue Price: 3.9 cents (\$0.039) per New Share Minimum of 102,564,103 New Shares to be issued (raising \$4.0m) Maximum of 153,846,154 New Shares to be issued (raising \$6.0m) Eligible participants: general investors 	Section 7.2
What are the conditions of the Offer?	<p>Completion of the Offer is conditional upon:</p> <ul style="list-style-type: none"> Shareholders of the Company approving all the Resolutions at the EGM; a minimum of \$4.0m being raised under the Offer (which is now underwritten); other than the issue of the New Shares under the Offer, the Company being in a position to complete the Proposed Transaction; and the ASX approving the Company's re-compliance with Chapters 1 and 2 of the Listing Rules. 	Section 7.1
Why is the Offer being conducted?	<p>The purpose of the Offer is to provide an opportunity for investors to subscribe for new equity in the Company, and generally, to assist the Company to meet the re-instatement conditions under Chapters 1 and 2 of the Listing Rules (e.g. to achieve sufficient Shareholder spread upon re-instatement). Furthermore, funds raised under the Offer will enable the Company to complete the Proposed Transaction, and also accelerate the continued growth of the MMG business and fund its key business objectives.</p>	Section 7.2
What is the proposed use of funds raised from the Offer?	<p>The Company intends to utilise funds raised under the Offer as follows:</p> <ul style="list-style-type: none"> To fund the cash components of the Consideration payable by the Company pursuant to the terms of the Proposed Transaction; To fund the expenses of the Offer (incl. costs associated with listing on the ASX); To fund other professional fees and disbursements incurred as part of the Proposed 	Section 7.3

Section One Investment Overview

Topic	Summary	Section																											
	<p>Transaction;</p> <ul style="list-style-type: none"> To fund part or all of the Earn-Out Payment to the MMG Vendors; and As general working capital, which includes funding to explore and pursue investment and acquisition opportunities as they arise. <p>The breakdown of the intended use of funds by the Board as of the date of this Prospectus is given in the table below. As with any budget information, intervening events and new circumstances have the potential to affect the manner in which funds are ultimately used by the Company. As such, the Board reserves the right to alter the way funds are applied on this basis.</p> <table border="1"> <thead> <tr> <th>Description</th> <th>Minimum amount raised under the Offer (\$4.0m)</th> <th>Maximum amount raised under the Offer (\$6.0m)</th> </tr> </thead> <tbody> <tr> <td>Up Front Cash Consideration (part of Initial Payment)</td> <td>\$1,200,000</td> <td>\$1,200,000</td> </tr> <tr> <td>Retention Amount</td> <td>\$555,000</td> <td>\$555,000</td> </tr> <tr> <td>Options Consideration</td> <td>\$500,000</td> <td>\$500,000</td> </tr> <tr> <td>Expenses of the Offer</td> <td>\$752,120</td> <td>\$854,120</td> </tr> <tr> <td>Due diligence and transaction costs</td> <td>\$184,000</td> <td>\$184,000</td> </tr> <tr> <td>Marketing costs</td> <td>\$5,000</td> <td>\$5,000</td> </tr> <tr> <td>Additional general working capital and funding for potential acquisitions</td> <td>\$803,880</td> <td>\$2,701,880</td> </tr> <tr> <td>Total</td> <td>\$4,000,000</td> <td>\$6,000,000</td> </tr> </tbody> </table> <p>Further breakdown of the expenses of the Offer is set out in Section 9.4 of the Prospectus.</p> <p>In addition to the use of funds outlined in the table above, as of the date of this Prospectus, the Company has approximately \$0.9m in cash on hand which will be applied to general working capital.</p>	Description	Minimum amount raised under the Offer (\$4.0m)	Maximum amount raised under the Offer (\$6.0m)	Up Front Cash Consideration (part of Initial Payment)	\$1,200,000	\$1,200,000	Retention Amount	\$555,000	\$555,000	Options Consideration	\$500,000	\$500,000	Expenses of the Offer	\$752,120	\$854,120	Due diligence and transaction costs	\$184,000	\$184,000	Marketing costs	\$5,000	\$5,000	Additional general working capital and funding for potential acquisitions	\$803,880	\$2,701,880	Total	\$4,000,000	\$6,000,000	
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Will the Shares be listed?	<p>The Company will, within 7 days after the date of this Prospectus, apply for the Shares under this Prospectus to be quoted on the ASX.</p> <p>Amongst other conditions, completion of the Offer is conditional upon the ASX approving this application. If the application for quotation is not made within 7 days after the date of this Prospectus, or if the Shares offered under this Prospectus are not granted quotation within 3 months after the date of this Prospectus, the Company shall deal with Applications in accordance with the requirements of the Corporations Act.</p>	Section 7.11																											
How will the Proposed Transaction and the Offer affect the Company's capital structure?	<p>The Company's projected capital structure is as follows:</p> <table border="1"> <thead> <tr> <th>Description</th> <th>Minimum amount raised under the Offer (\$4.0m)</th> <th>Maximum amount raised under the Offer (\$6.0m)</th> </tr> </thead> <tbody> <tr> <td>Existing number of Shares on issue (post-Consolidation)</td> <td>104,004,558</td> <td>104,004,558</td> </tr> <tr> <td>Number of Consideration Shares issued to the MMG Vendors</td> <td>83,181,818</td> <td>83,181,818</td> </tr> <tr> <td>Number of New Shares issued under the Offer</td> <td>102,564,103</td> <td>153,846,154</td> </tr> <tr> <td>Total number of post-Consolidation Shares on issue at listing on the ASX</td> <td>289,750,479</td> <td>341,032,530</td> </tr> <tr> <td>Existing number of Options on issue (post-Consolidation)</td> <td>33,333,333</td> <td>33,333,333</td> </tr> <tr> <td>Total issued capital on a fully diluted basis</td> <td>323,083,812</td> <td>374,365,864</td> </tr> </tbody> </table>	Description	Minimum amount raised under the Offer (\$4.0m)	Maximum amount raised under the Offer (\$6.0m)	Existing number of Shares on issue (post-Consolidation)	104,004,558	104,004,558	Number of Consideration Shares issued to the MMG Vendors	83,181,818	83,181,818	Number of New Shares issued under the Offer	102,564,103	153,846,154	Total number of post-Consolidation Shares on issue at listing on the ASX	289,750,479	341,032,530	Existing number of Options on issue (post-Consolidation)	33,333,333	33,333,333	Total issued capital on a fully diluted basis	323,083,812	374,365,864	Section 7.7						
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Section One

Investment Overview

Topic	Summary	Section
Is the Offer underwritten?	Yes, the Offer is underwritten for the minimum subscription amount of \$4.0m by Liverpool Partners.	Section 7.5
What is the allocation policy?	The Company (subject to the underwriting agreement) has absolute discretion regarding the allocation of the New Shares and may reject an Application, or allocate fewer New Shares than applied for, in its absolute discretion.	Section 7.9
Is there any brokerage, commission or stamp duty payable by Applicants?	No brokerage, commission or stamp duty is payable by Applicants on an acquisition of New Shares under the General Offer.	
What are the tax implications of investing in the New Shares under this Prospectus?	The tax consequences of any investment in the New Shares offered under this Prospectus will depend upon an Applicant's particular circumstances. Applicants should obtain their own independent tax or professional advice prior to deciding whether to participate under the Offer.	Section 7.15
When will I receive confirmation whether my Application has been successful?	It is anticipated that either a CHESSE statement or an issuer sponsored holding statement (wherever applicable) will be despatched as soon as practicable after the Closing Date.	Section 7.12
What is the Company's dividend policy?	The Board cannot and do not give any assurances as to the extent, timing, level of franking or payment of dividends in the future. Any future dividend payment will be at the absolute discretion of the Board.	
How can I apply?	Potential Applicants may apply for New Shares by completing a valid Application Form attached to or accompanying this Prospectus.	Section 7.9
Will any of the New Shares under the Offer be subject to escrow?	New Shares issued pursuant to the General Offer will not be subject to any escrow requirement by the ASX.	Section 6.2
E. KEY INFORMATION ON THE EXPERIENCE, BACKGROUND OF THE DIRECTORS AND MANAGEMENT, AND SIGNIFICANT INTERESTS OF PEOPLE		
Who are the Directors of BGD?	<p>The Board of BGD currently consists of:</p> <ul style="list-style-type: none"> • Shane Tanner, Non-Executive Chairman • Faldi Ismail, Non-Executive Director • Jonathan Lim, Executive Director <p>Following completion of the Proposed Transaction, Mr Ismail will resign as a Director of the Company.</p>	Section 6.11
Will anyone from MMG be joining the BGD Board?	Yes, following completion of the Proposed Transaction, and subject to receipt of Shareholder approval at the EGM, Dr Todd Cameron proposes to join the Board as an Executive Director of the Company, and Mr Jeremy Kirkwood proposes to join the Board as an alternate Director to Dr Cameron.	Section 6.1.2

Section One

Investment Overview

Topic	Summary	Section
What is the Initial Clinics historical financial performance?	<p>The Investigating Accountant reviewed the financial results of the trusts that operate the Initial Clinics for the years ended 30 June 2013, 30 June 2014 and 30 June 2015, to which certain “normalisation” adjustments were made by the MMG Vendors to reflect additional income and expenses required using full accrual accounting. These “normalisation” adjustments were reviewed by Liverpool Partners (an advisory firm controlled by Mr Jonathan Lim, Director of the Company, which is the underwriter to the Offer under this Prospectus) who agreed with the adjustments made. In addition, the Investigating Accountant reviewed and agreed with the adjustments made, to more fully reflect actual results on a full accrual basis. After “normalisation” adjustments, the combined EBITDA are as disclosed in Note 17 to Appendix 3 of the IAR.</p> <p>Accounts of MMAT, which will be acquired as part of the Proposed Transaction, has been audited and reviewed by the Investigating Accountant.</p> <p>Highlights of the Initial Clinics historical performance on a pro-forma unaudited basis include:</p> <ul style="list-style-type: none"> • FY15 revenue of \$9.0m • FY15 Normalised EBITDA of \$1.0m <p>These figures are not a pro-forma profit and loss as they do not include BGD’s revenue and expenses.</p> <p>The Investigating Accountant are of the view that the adjustments made are reasonable and that the combined “normalised” EBITDA for each of the years ended 30 June 2013, 30 June 2014 and 30 June 2015 are fairly stated.</p>	Section 3.7.3
G. ADDITIONAL INFORMATION		
Where can I find more information?	<p>Additional information can be obtained through the following methods:</p> <ul style="list-style-type: none"> • Speaking to your broker, solicitor, accountant or other independent professional advisor. • Reviewing BGD’s announcements on the ASX, which are accessible from ASX’s website www.asx.com.au under the code “BGD”. • By visiting BGD’s website www.bgdcorporation.com.au and MMG’s website www.modernmedical.com.au. <p>By contacting Heath Roberts, Company Secretary of BGD on +61 419 473 925.</p>	

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Section Two

Industry Overview

Section Two Industry Overview

2.1. Introduction

As of the date of this Prospectus, the Company's main undertaking is that of a materials business, with its 50% interest in a joint venture of the development of the Euroa Steel Plant project in Gladstone, Queensland. In the event that Shareholders approve all the Resolutions at the upcoming EGM, the Company proposes to dispose of this particular interest, thereby allowing the Company to solely focus on the allied health and medical services industry (**AHM Industry**) through its acquisition of the MMG clinics.

The AHM Industry is a subset of primary healthcare which is a gateway into the Australian healthcare system. Allied health and medical practitioners work individually or as part of a multi-disciplinary team and aim to alleviate the effects of illness disability and to promote health and wellbeing with their patients. Allied health and medical services are provided in a range of healthcare settings including medical clinics, aged care residences, leisure centres and homes.

2.2. Key features of the AHM Industry

Allied health and medical services span across a wide range of services and settings as outlined below:

	1 Medical Clinics	2 Aged Care Facilities (B2B)	3 Home Care (B2C)
Business Model	<ul style="list-style-type: none"> ▪ Clinic based primary healthcare services ▪ Trend of larger multi-disciplinary clinics that offer a greater number of practitioners and a range of ancillary services on site 	<ul style="list-style-type: none"> ▪ Provide a mobile workforce of allied health practitioners to retirement and residential aged care facilities and workplaces 	<ul style="list-style-type: none"> ▪ Range of services for home care / community care ▪ Consumer Direct Care will allow individuals who select home care greater freedom of choice, which will transform the allied medical sector
Allied health and medical services	<ul style="list-style-type: none"> ▪ General practitioners including after hour services ▪ Physiotherapy ▪ Occupational therapy ▪ Podiatry ▪ Optometry ▪ Speech pathology ▪ Dietetics ▪ Pathology (sub-let) ▪ Other health services 	<ul style="list-style-type: none"> ▪ Pain Management ▪ Physiotherapy ▪ Occupational therapy ▪ Podiatry ▪ Optometry ▪ Speech pathology ▪ Dietetics ▪ Other allied services 	<ul style="list-style-type: none"> ▪ Nurses / carers ▪ Physiotherapy ▪ Occupational therapy ▪ Podiatry ▪ Optometry ▪ Speech pathology ▪ Dietetics
Funding	<ul style="list-style-type: none"> ▪ Australian Government (predominately Medicare) ▪ Private Health Insurers ▪ Patient 	<ul style="list-style-type: none"> ▪ Australian Government via Aged Care Funding Instrument (ACFI) and Medicare ▪ Facility operator ▪ Patient 	<ul style="list-style-type: none"> ▪ Australian Government via Consumer Directed Care (CDC) ▪ Patient
Market size	<ul style="list-style-type: none"> ▪ c.7,000 general practices ▪ c.31,000 allied health businesses 	<ul style="list-style-type: none"> ▪ c.193,000 residential aged places 	<ul style="list-style-type: none"> ▪ c.67,000 places

Sources: Primary Health Care Research & Information Service (PHCRIS Fast Fact, 2000-01 to 2010-11), Australian Bureau of Statistics (Health Care Services, 2009-10), Australian Government Department of Social Services (2013-14 Concise Facts & Figures in Aged Care)

2.3. Why is demand for allied health and medical services growing?

Current Macroeconomic factors are consistent with the broader health sector. The positive outlook for patient demand for allied health and medical services may be the result of a range of long-term social and demographic trends that are described in detail below:

- A growing and ageing population;
- Increased incidence of chronic disease;
- Uptake in private health insurance; and
- Shift in government funding.

Section Two Industry Overview

2.3.1. A growing and ageing population

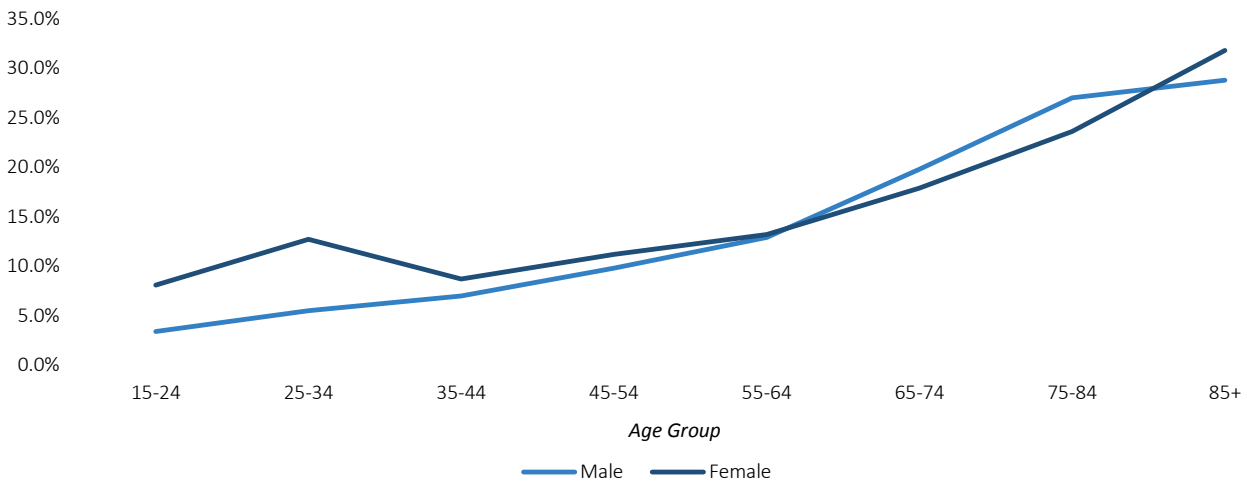
The demographic shift over the next 20 years will produce fundamental changes in Australia's society and economy. The ageing of the "baby boomer" generation and population growth may continue to drive a demand for healthcare services.

The proportion of the Australian population aged 65+ years is estimated to increase from 15.0% in 2015 to 22.6% in 2055.¹ This is likely to drive a substantial increase in healthcare demand, with the 65+ years age group typically having the highest proportion of GP consultations as they are faced with more frequent health issues.

The number of Medicare services for people aged 65+ years has grown at a CAGR of 6.6% from approximately 94.9 million in FY10 to approximately 122.6 million in FY15.² This is significantly higher than the CAGR of 4.6% for the total number of Medicare services during the same period.³

In addition, there is increased participation for allied health services, as the ageing population is leading to a rise in the prevalence of conditions such as dementia, diabetes, stroke, Parkinson's disease and other comorbidities. To effectively manage these conditions, as well as secondary issues including poor balance, decreased mobility and physical deconditioning, the clinical expertise of allied health professionals may be critical in the future.

Chart 1: Proportion of persons 15 years and over, Visited a GP 12 or more times in a year



Source: Australian Bureau of Statistics (Patient Experiences in Australia: Summary of Findings, 2012-13)

2.3.2. Increased incidence of chronic disease

Lifestyle risk factors such as physical inactivity, obesity and diet are associated with many chronic diseases in Australia. Almost 2 in every 3 Australians are overweight or obese with 10% more adults overweight or obese in 2012 than in 1995.⁴

The Australian population aged 65+ years tend to suffer from more chronic diseases than younger Australians, which in turn increases the number of allied health and medical services required and associated healthcare costs. Around 56% of all GP consultations originated from patients suffering from a chronic condition in 2013.⁵

¹ Source: 2015 Intergenerational Report Australia in 2055, Honourable J. B. Hockey MP, Treasurer of the Commonwealth of Australia, March 2015

² Source: Australian Government Department of Health, Annual Medicare Statistics, Financial Year 2007-08 to 2014-15,

³ Ibid.

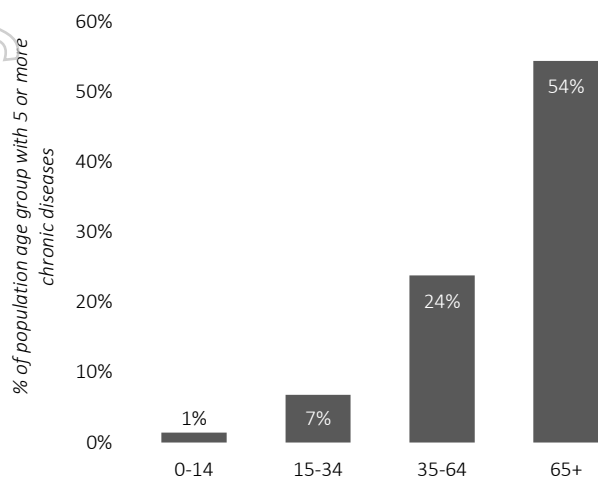
⁴ Source: Australian Government Australian Institute of Health and Welfare, 2015

⁵ Source: A decade of Australian general practice activity 2003-04 to 2012-13, Bettering the Evaluation and Care of Health, Sydney University Press, November 2013

Section Two

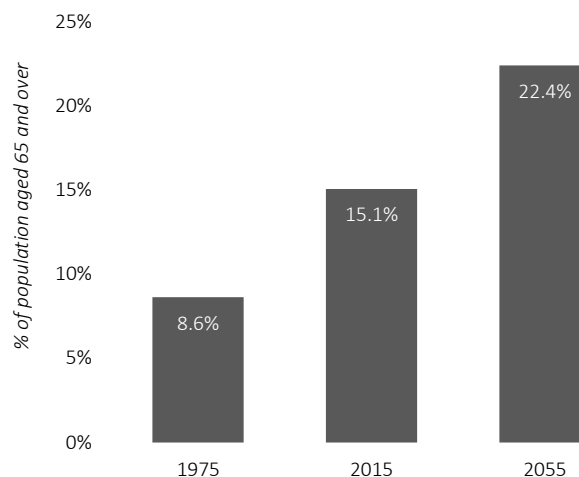
Industry Overview

Chart 2: Percentage of population age groups with 5 or more chronic diseases in 2010



Sources: Australian Bureau of Statistics (*Population by Age and Sex, Australian States and Territories, June 2010*), Australian Government Australian Institute of Health and Welfare (*Australia's Health 2010*)

Chart 3: Percentage of population aged 65+ in 1975, 2015 and 2055



Source: Treasurer of the Commonwealth of Australia (*2015 Intergenerational Report Australia in 2055, March 2015*)

2.3.3. Increased uptake in Private Health Insurance

Private Health Insurance (PHI) provides cover for an individual (or family) and can cover the costs of being treated at a private hospital as well as ancillary healthcare including allied health services.

The Australian Federal Government has introduced a number of policy initiatives that are designed to encourage private health insurance membership in Australia including:

- the Medicare Levy Surcharge – a tax imposition for above threshold taxpayers who have not taken out private health insurance;
- Federal Government Rebates – private health insurance rebates for individuals and families that qualify; and
- Lifetime Health Cover – an additional 2% premium for members over 30 when they first take out private health insurance.

As at March 2015, 55.6%⁶ of the total Australian population have both hospital and ancillary PHI (increased from 42.0% since 2003⁷). As the uptake of private health insurance increases, this may lead to an increase in the demand for allied health services.

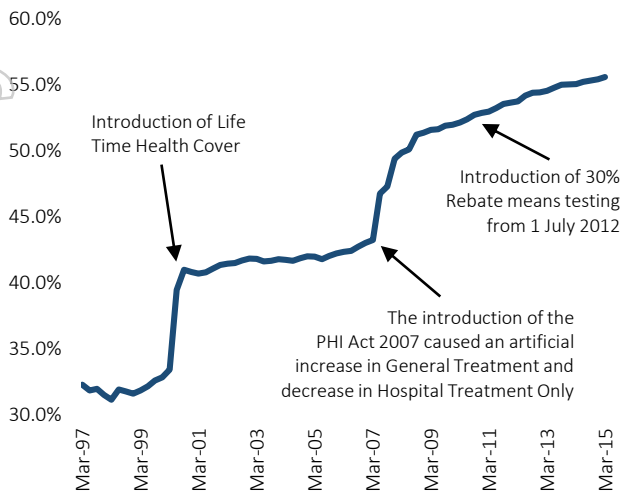
In addition, PHI providers are looking to incentivise younger Australians with added benefits and ancillary services (such as physiotherapy and other allied health services) in order to manage the ballooning costs associated with providing PHI to the elderly and reduce the demand for acute care services by encouraging preventative care.

⁶ Source: Australian Prudential Regulation Authority, Private Health Insurance Quarterly Statistics, September 2015

⁷ Source: Private Health Insurance in Australia: A Case Study, OECD Health Working Papers No. 8, October 2003

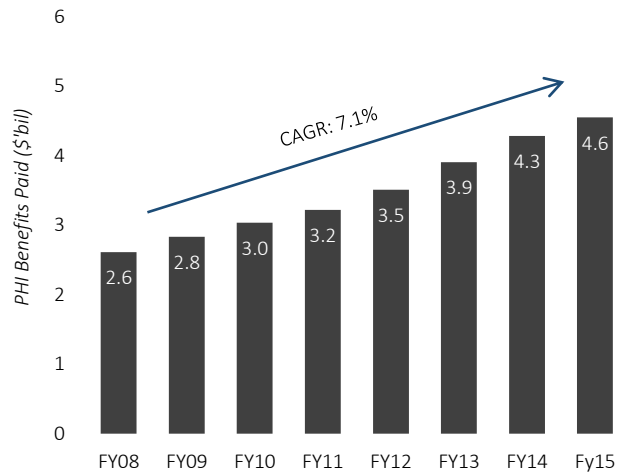
Section Two Industry Overview

Chart 4: PHI Memberships



Source: Australian Prudential Regulation Authority (Statistical Trends in Membership and Benefits Data Tables, June 2014, All States Membership)

Chart 5: PHI Benefits Paid for Ancillary services



Source: Australian Prudential Regulation Authority (Private Health Insurance Statistical Trends, Benefit Trends, September 2015)

2.4. Funding

Providers of allied health and medical services (such as medical clinics, aged care facilities and home care settings) generate operating revenue from various sources of government and private funding dependant on the type of service provided, the care environment and circumstances of the patients (age and financial means).

The AHM Industry, as defined in this Prospectus includes certain allied health and medical services provided via medical clinics, aged care facilities and home care. Funding and market size of these areas are set out in Table 1 below.

Section Two Industry Overview

Table 1: Funding arrangements

	Medical Clinics ⁸	Aged Care Facilities (B2B) ⁹	Home Care (B2C) ¹⁰
Funding Overview	<p>\$16.0 billion</p> <ul style="list-style-type: none"> Government: 75% Individuals: 14% PHI: 3% Others: 8% 	<p>\$14.1 billion</p> <ul style="list-style-type: none"> Government: 65% Individual: 35% 	<p>\$1.3 billion</p> <ul style="list-style-type: none"> Government: 93% Individual: 7%
Type of Funding	<ul style="list-style-type: none"> Operating revenue 	<ul style="list-style-type: none"> Operating revenue Note allied health services is only a proportion of the funding in the diagram above The exact proportion cannot be ascertained from public data 	<ul style="list-style-type: none"> Operating revenue Note allied health services is only a proportion of the funding in the diagram above The exact proportion cannot be ascertained from public data
Source of funding	<ul style="list-style-type: none"> Primarily the Australian Federal Government via Medicare Patients charged fee in excess of the Medicare Benefits Schedule (MBS) rebated amount PHI funding 	<ul style="list-style-type: none"> Funding is provided by the facility, however this is largely linked to the facility income from the Federal Government via Aged Care funding Instrument (ACFI) funding Quantum of ACFI is dependent on care needs of resident Resident fees, such as basic daily fees, care fees, accommodation payments (charges) and extra service fees 	<ul style="list-style-type: none"> The Australian Federal Government via Consumer Directed Care Patient fees
Price setting	<ul style="list-style-type: none"> Medicare rebated amount is based on the Medicare Benefits Schedule (MBS) which is reviewed and 	<ul style="list-style-type: none"> ACFI subsidies are segmented into different care classifications: Activities of Daily Living, Behavioral and 	<ul style="list-style-type: none"> Home care packages determined by the Australian Government based on the clinical care needs of the

⁸ Source: Australian Government Australian Institute of Health and Welfare, National health expenditure data, 2005-14

⁹ Source: Australian Government Aged Care Financing Authority, Third report on the Funding and Financing of the Aged Care Sector, July 2015

¹⁰ Ibid.

Section Two Industry Overview

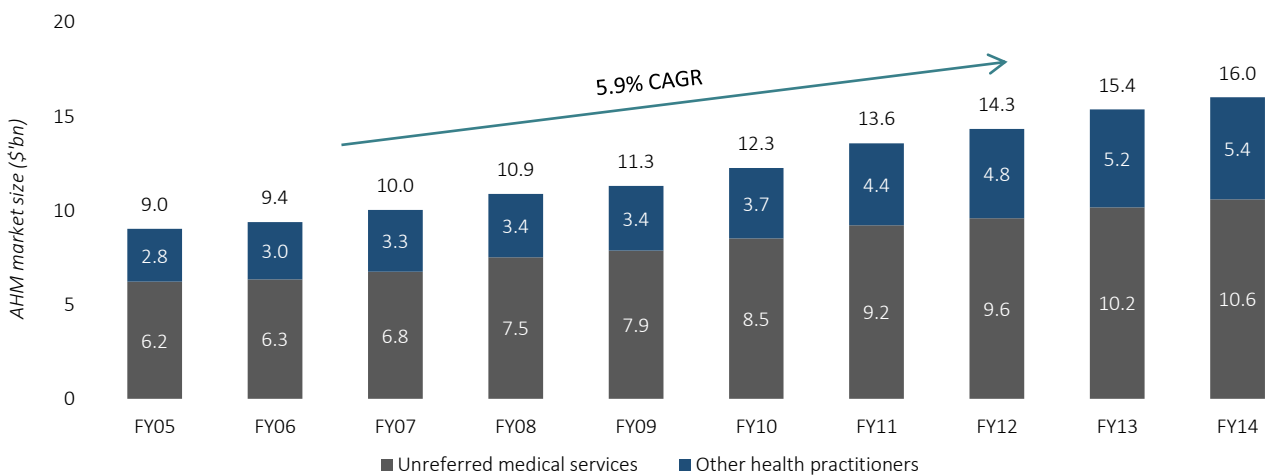


- updated regularly
- Patient contribution is dependant on the fees determined by the provider
- Complex Health Care
 - Funding is provided via ACFI to facilities in respect of each resident on a \$ bed/ day basis according to their classification (care need)
 - Certain resident fees are determined by the Federal Government, such as the maximum rate of basic daily fees and maximum income tested care fees that may be charged by providers
- patient
 - Private fee for service payments can be set by the provider

As set out above, whilst the funding of medical clinics (which forms part of the AHM Industry) can be readily ascertained, the provision of allied health services (which forms part of the AHM Industry) only forms a portion of the funding of aged care facilities and home care settings. Therefore, the above table should not be taken as a representation that the AHM Industry constitutes the whole of aged care facilities (\$14.1 bn) and home care (\$1.3 bn).

Funding for medical clinics has grown in recent years, as set out in Chart 6 below.

Chart 6: Size of allied health and medical services provided via medical clinics in Australia



Source: Australian Government Australian Institute of Health and Welfare (National health expenditure data, 2005-14)

In the above Chart 6:

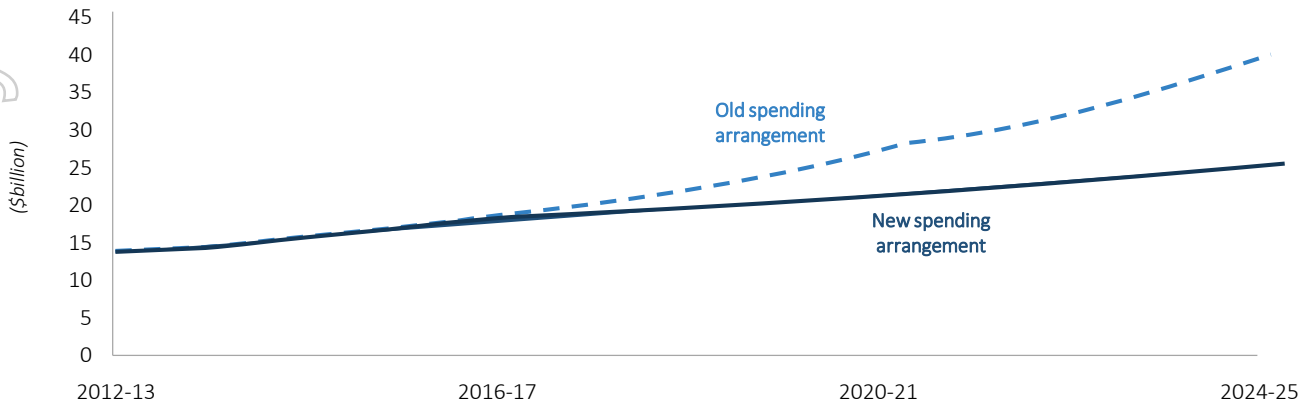
- Unreferred medical services includes medical practitioners and vocational registrar services, practice nurses, enhanced primary care services (chronic disease management); and
- Other health practitioners includes other primary health and allied health practitioners not included above (for example, physiotherapists, osteo, deiticians).

2.4.1. Shift in Government Funding

In the 2014-15 Federal Budget, the Federal Government announced that public hospital funding would be indexed to a combination of growth in the Consumer Price index (CPI) and population from 2017-18. At the time, the Federal Government suggested that hospital spending would be reduced by approximately \$15 billion from 2016-17 to 2024-25. This reduced spending may put further pressure on the public hospital system’s ability to deliver services and growing waiting lists in public hospitals.

Section Two Industry Overview

Chart 7: Forecast hospital spending based on the 2014-15 Federal Budget

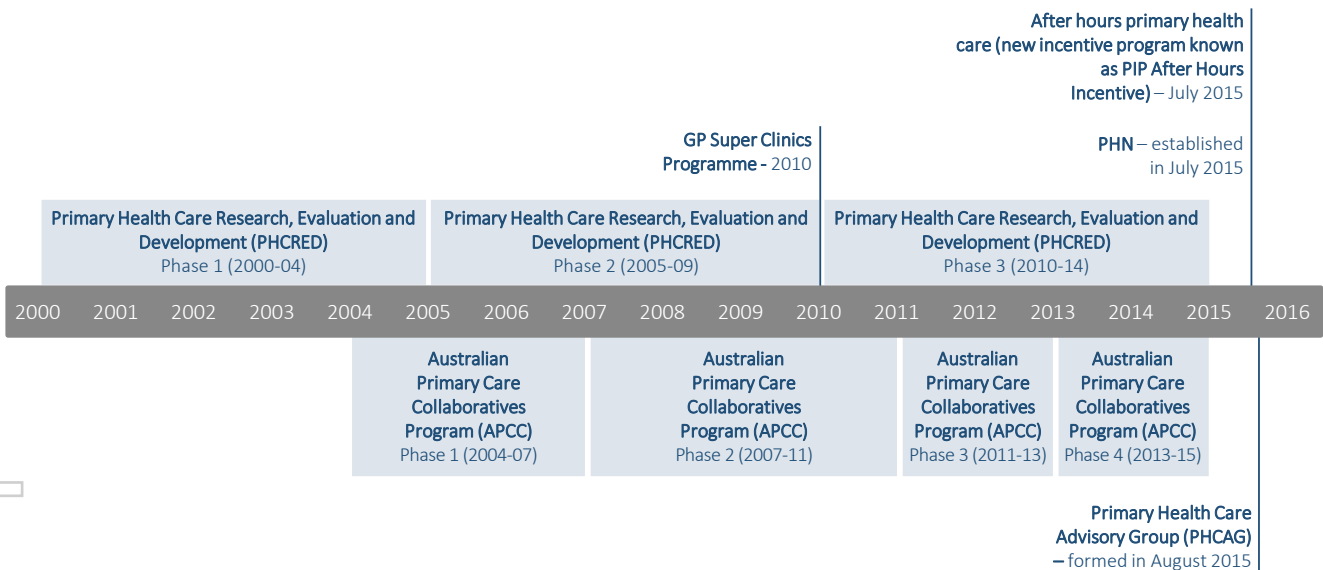


Source: Australian Government (Federal Budget, 2014-15)

The Federal Government is aiming to shift the burden of healthcare services from hospitals to primary healthcare via the National Healthcare Reform. The primary reason for this is to promote healthcare efficiencies by reducing hospital admissions which consume relatively more cost and time.

Instead, funding is being directed to allied health and primary medical services where preventative and more affordable treatments and services are increasingly made available.

Figure 1: Timeline of primary healthcare programmes



Source: Australian Government Department of Health, Primary Care, 2015

Federal and State governments have put in place a number of policy measures and reforms to increase efficiencies in the health care system by increasing focus on allied health and medical services, this includes:

- A range of programmes to encourage additional services, extended hours and quality of staff in medical clinics including:

Government Incentive	Description	Estimated funding
Incentive Programs	The first Incentive Program established in 1998 known as Practice Incentive Program (PIP) aimed to provide support for practitioners to improve patient health outcomes. Additional programs including Service Incentive Payments (SIP) and	\$22.8m in FY15 ¹¹

¹¹ Source: Australian Government Department of Human Services, Medicare Item Reports, July 2014 to June 2015

Section Two Industry Overview

Government Incentive	Description	Estimated funding
	Practice Nurse Incentive Program (PNIP) were further enacted in 2001 and 2012 respectively to support the management of chronic disease and encourage greater utilisation of nurses by supporting the development of their skills.	
After Hours Primary Care	Reintroduced in 2015 under PIP, the program supports locally-tailored after hours services and a new after hours GPs advice and support line.	\$195m in FY15 ¹²
General Practice Super Clinics Programme	Founded in 2010, the program aims to build more than 60 General Practice Super Clinics across Australia and to support the upgrade and extension of around 425 existing general practices, primary care and community health services, and Aboriginal medical services.	\$650m (as of November 2013) ¹³
Primary Health Networks (PHN)	Established in 2015, PHN aims to increase the efficiency and effectiveness of medical services for patients (particularly those at risk of poor health outcomes) and improving coordination of care to ensure patients receive the right care in the right place at the right time.	\$842m over three years from 2015-16 ¹⁴
Primary Health Care Research, Evaluation and Development (PHCRED) Strategy	Established in 2000, the strategy aimed to build the primary health care research capacity and evidence base in order to improve health outcomes through better primary health care systems, services and practices.	\$111m over the first 2 phases (2000-09) with funding for the 3rd phase undisclosed (2010-14) ¹⁵
Primary Health Care Advisory Group (PHCAG)	Formed in 2015 to investigate options to reform primary healthcare to better support patients with complex and chronic illness and treat mental health conditions. Delivery of report to Government is expected by the end of 2015.	

- Government funding is expected to increase in the aged care sector in order to meet projected demand for aged care services:
 - ACFI is the primary mechanism for delivery of government funding to the aged care sector. This includes a range of daily living, behavioural and complex health needs including allied health programmes such as pain management services provided to residents of aged care facilities and indirectly funds the allied health provider.
 - Funding allocated via ACFI has grown to approximately \$7.9b in FY14, up from approximately \$7.5b in FY13 (5% growth).¹⁶
- In line with the Government's Ageing in Place principals under the 2012 aged care reforms, there is a focus on providing a range of home care options for individuals with lower care needs and a preference to live at home utilising mobile aged care and allied health services:
 - Home Care Packages provide a co-ordinated package of services tailored to meet specific care needs to help individuals with lower care needs to help stay in their own home as they get older and to give them choice and flexibility in the way care and services is provided to them at home.
 - From 1 July 2015, all Home Care Packages will be delivered on a Consumer Directed Care (**CDC**) basis, which provides increased consumer control over the type of services the individuals with lower care needs engage and who provides the services.
 - Total government funding for Home Care Package providers is estimated at \$1.27b in FY14.¹⁷

¹² Ibid.

¹³ Source: Australian Government Department of Health, About the GP Super Clinics Programme, August 2014

¹⁴ Source: Australian Government Department of Health, Primary Health Networks Grant Programme Guidelines, December 2014

¹⁵ Source: Primary Care and General Practice in Australia 1990-2012: A chronology of federal government strategies policies, programs and funding, Australian National University, March 2013

¹⁶ Source: Australian Government Aged Care Financing Authority, Third report on the Funding and Financing of the Aged Care Sector, July 2015

¹⁷ Ibid.

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- The total number of Home Care Packages is expected to increase from 66,000 to 140,000 by 2021-22.¹⁸

2.5. What is the competitive landscape?

The AHM Industry is characterised by a high degree of fragmentation.

The three largest medical clinic operators (Sonic Healthcare, Primary Health Care and Healthscope) are listed on the ASX and offer a broad range of healthcare services. Cumulatively, as per the details in the Chart 9 below, the three largest medical clinic operators account for a small percentage of the total market (7,035 medical clinics). There are a number of smaller corporate participants that are expanding their clinic portfolio through acquisition.

Key success factors for medical clinic operators include location, the ability to attract and retains GPs and other allied and medical health practitioners, operational expertise, quality of care, clinical reputation and the ability to develop new and existing facilities.

Chart 8: Allied health businesses

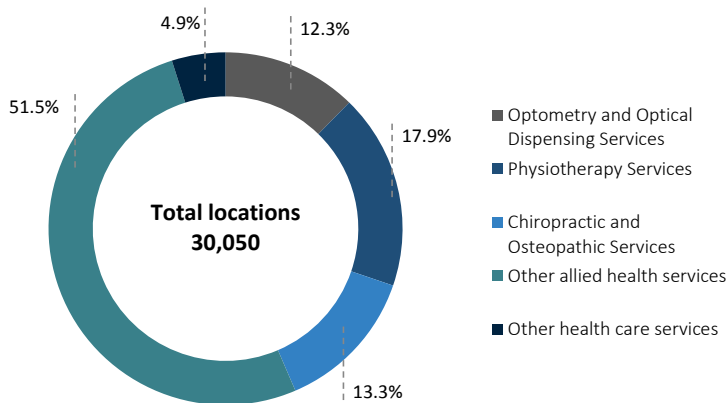


Chart and table source: Australian Bureau of Statistics (Health Care Services, 2009-10)

TYPES OF OPERATORS

Name	No of clinics
Optometry and Optical Dispensing Services	3,689
Physiotherapy Services	5,391
Chiropractic and Osteopathic Services	4,002
Other allied health services	15,490
Other health care services	1,478

Chart 9: General practices

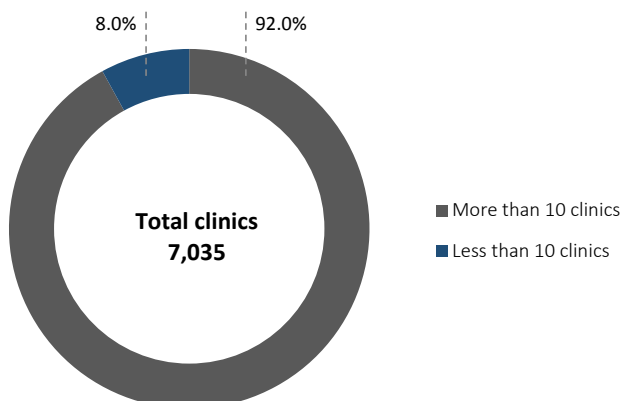


Chart source: Primary Health Care Research & Information Service (PHCRIS Fast Fact, 2000-01 to 2010-11)

Table source: Information in the public domain, analysis conducted by Liverpool Partners

KEY OPERATORS

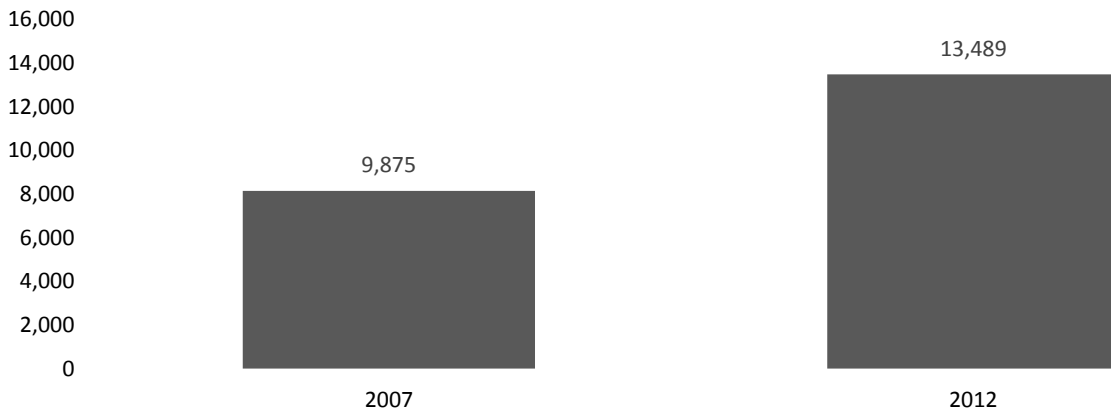
Name	No of clinics
Sonic	209
Primary	70
Healthscope	46
Tristar	43
Ochre Health	34
SunDoctors	26
Allied Medical	23
MyHealth	23
MAACG	16
Travel Doctor	15
Qualitas	14
Eastbrooke	11
Medical One	10
Smart Clinics	10
Medclinic	10
Total	560

¹⁸ Ibid.

Section Two Industry Overview

Consistent with the shift in funding and increasing demand, there is a burgeoning trend of allied health and medical services businesses targeting community care and the aged care sector. This has seen CAGR growth of 3.1% for allied health practitioners employed in the aged care sector from 2007 to 2012.¹⁹

Chart 10: Allied Health Practitioners in Aged Care (FTE)



Sources: National Institute of Labour Studies, Flinders University (*The Aged Care Workforce – Final Report, 2012*), Australian Government Aged Care Financing Authority (*Third report on the Funding and Financing of the Aged Care Sector, July 2015*)

2.5.1. Rationale for consolidation

There has been a growing trend towards larger ‘multi-disciplinary’ medical clinics. These are larger medical clinics that offer a greater number of GPs and a range of ancillary services on site. The move to larger centres is driven by the impact of government policy and consumers demanding more convenience. This proposition allows waiting times to be shortened, operating hours to be extended and additional services provided.

Larger multi-disciplinary medical clinics have higher establishment costs and are more complex to operate, hence they fit better with a corporate model. In addition a corporate environment offers centralised management and administration, which results in reduced focus on administration for GPs and allows them to focus on providing care to patients.

In addition, as CDC comes into effect, the emphasis on patient centricity will require heightened customer service skills and investment in resources to properly address the market and opportunity.

¹⁹ Sources: Australian Government Aged Care Financing Authority, Third report on the Funding and Financing of the Aged Care Sector, July 2015; and The Aged Care Workforce – Final Report, National Institute of Labour Studies, Flinders University, 2012

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Industry Overview

Table 2: Rationale for allied health and medical services consolidation

<p>Emphasis on customer centricity</p>	<ul style="list-style-type: none"> Medical clinics: Not burdened by management and administrative concerns, practitioners are able to focus on providing quality medical services towards patients Home care: Traditional providers to the market will be required to partner with allied health businesses in order to meet the demand of consumers and geographic spread Residential aged care: Pool of practitioners to meet service obligations established by ACFA
<p>Forecast high demand for allied health and medical services</p>	<ul style="list-style-type: none"> Medical clinics: Patients are increasingly demanding for convenience which is unable to be provided by small stand-alone facilities. Several identified areas include reduced waiting times, flexibility in terms of operating hours and additional ancillary services Home care: Allied health services will play a more pivotal role in community care services as the demand for services expands beyond lower care needs Residential aged care: Increased focus on residential aged care providers maximising ACFI has increased demand for ACFI allied health services such as pain management
<p>Competition</p>	<ul style="list-style-type: none"> Medical clinics: New GPs entering the market often lack capital / reputation to establish medical clinics. Especially multi-disciplinary clinics. In addition, a stand-alone facility can often be over reliant on the personal exertion of the owner Home care: Many smaller operators will struggle to provide affordable services to regional locations. In addition, the shift of annual funding to individual funding will be challenging Residential aged care: Desire for the larger aged care operators to work with corporate providers
<p>Technology</p>	<ul style="list-style-type: none"> Medical clinics: Larger groups are armed with resources to take advantage of innovation and technology which is scalable to a group. In addition, digitalisation is unpopular amongst single clinics given the costs associated and often lack of technical expertise Home care/ residential aged care: Heightened customer service offering will be required in order to leverage critical mass and invest in sophisticated scheduling systems and mobile capability to profitably address the market.

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Section Three

Proposed Transaction, Company and Modern Medical Group Overview

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3.1. Introduction

This Section provides an overview of the Proposed Transaction, the Company and the Modern Medical Group.

Following completion of the Proposed Transaction, the Company would have, through a wholly owned subsidiary, acquired certain agreed assets and businesses of the Modern Medical Group. Therefore, in the event that all conditions precedent of the Offer and the Proposed Transaction are satisfied or waived, the Company will seek reinstatement to the Official List of the ASX based on its Modern Medical Group assets and businesses.

3.2. History of the Company

The Company was incorporated on 1 September 1983 as Boulder Gold NL and was subsequently listed on the ASX. The Company's name was changed to Boulder Group NL during 1994 and to Boulder Steel Ltd in 2000. The Company completed a restructure and recapitalisation in December 2014 and it adopted its current name, BGD Corporation Ltd on 8 April 2015.

Since being recapitalised, the Company has explored the development of its existing assets, and has also investigated acquisition and investment opportunities.

As of the date of this Prospectus, the Company's main undertaking is that of a materials business, with its 50% interest in the development of the Euroa Steel Plant project in Gladstone, Queensland. In the event that all Resolutions at the EGM (as set out below in Section 3.4) are approved by Shareholders, the Company will dispose of its interest in the Euroa Steel Plant project.

3.3. Proposed Transaction

On 8 October 2015, the Company announced that it had signed a binding heads of agreement to acquire certain businesses and assets of the Modern Medical Group (**Initial Clinics**), with options granted for the Company to acquire the remaining businesses and assets of the Modern Medical Group (**Remaining Clinics**), subject to a number of conditions precedent being satisfied. The transaction between the Company and Modern Medical Group is referred to as the **Proposed Transaction** in this Prospectus.

On 11 November 2015, the Company announced that it had executed a binding sale of business deed (**Sale Deed**) to effect the terms of the Proposed Transaction. The Proposed Transaction is to be undertaken via the formation of a wholly owned subsidiary of BGD, which will acquire the assets and businesses of the Proposed Transaction.

Under the terms of the Sale Deed, the Company, through a wholly owned subsidiary will:

- Acquire the **Initial Clinics** which comprise the assets (**Sale Assets**) and businesses (**Sale Businesses**) of Modern Medical Caroline Springs (**MMCS**), incorporating Caroline Springs Specialist Centre (**CSSC**), Modern Medical Balwyn (**MMBN**), Modern Medical Administration Unit Trust (**MMAT**) and Modern Medical Group Pty Ltd (**MMGPL**); and
- Be granted options (**MMG Options**) to acquire the **Remaining Clinics** which comprises of the assets and businesses of Modern Medical Craigieburn (**MMCB**), Modern Medical Bayswater (**MMBW**), Modern Medical Hobsons Bay (**MMHB**) and Modern Medical Wyndham Vale (**MMWV**).

The assets and businesses being acquired (and those that may be acquired under the MMG Options) will be the purchase of a going concern and will be transferred to the Company (through its wholly owned subsidiary) including all business names, trademarks, copyright and other intellectual property rights associated with the respective MMG clinics.

In consideration for the Sale Assets and Sale Businesses, the Company will:

- Pay the **Initial Payment**, which will comprise of:
 - An up-front cash consideration of \$1,755,000, subject to adjustment, of which \$555,000 will be held in escrow by an escrow agent until adjustment is made; and
 - \$2,745,000 in fully paid ordinary shares in the Company (**Consideration Shares**) at an issue price of 3.3 cents per Consideration Share;

- Assume liabilities of the businesses to pay various amounts, in the aggregate amount of \$555,000;
- Pay or issue the Earn-Out Payment, of which 50% will be paid in cash and the other 50% in Shares of the Company (which will require separate Shareholder approval at the time of issue, i.e. not at the upcoming EGM), to be calculated by reference to the Maintainable EBIT of the Sale Businesses for the calendar year ending 31 December 2016 in accordance with Table 14, that is set out in Section 8.1 of this Prospectus.

In consideration for being granted the MMG Options, the Company will provide a cash payment of \$500,000.

Completion of the Proposed Transaction under the Sale Deed is subject to a number of conditions being satisfied or waived, which includes the raising of capital (which is being conducted under this Prospectus) and receipt of Shareholder approval at the upcoming Extraordinary General Meeting scheduled to take place on 7 January 2016 (EGM).

Detailed terms of the Sale Deed are set out in the Material Contracts section of this Prospectus (Section 8.1).

3.4. Shareholder approval at Extraordinary General Meeting

In accordance with a Notice of Meeting dated 8 December 2015, the Company is scheduled to hold the EGM on 7 January 2016. At the EGM, Shareholders of the Company will be asked to approve the following resolutions, which all related to the Proposed Transaction:

- Consolidation of the Company's existing capital on a 1 for 3 basis;
- Change to the nature and scale of the Company's activities that will result in the Company completing the Proposed Transaction (i.e. from a materials business, to an allied health and medical services business);
- On a post-Consolidation basis, issue of all Consideration Shares to the MMG Vendors (which includes related party resolutions);
- Disposal of the Company's existing 50% interest in the Euroa Steel Plant project;
- On a post-Consolidation basis, capacity to conduct a capital raising (minimum of \$4.0m and maximum of \$6.0m) at an issue price of 3.9 cents per New Share (which is being conducted under the Offer);
- Related party approvals for current Directors, Messrs Tanner and Lim, to participate in the Offer;
- Appointment of Dr Todd Cameron and Mr Jeremy Kirkwood (both of whom are associated with the MMG Vendors) to the Board of BGD; and
- Election of Mr Lim as a Director of the Company.

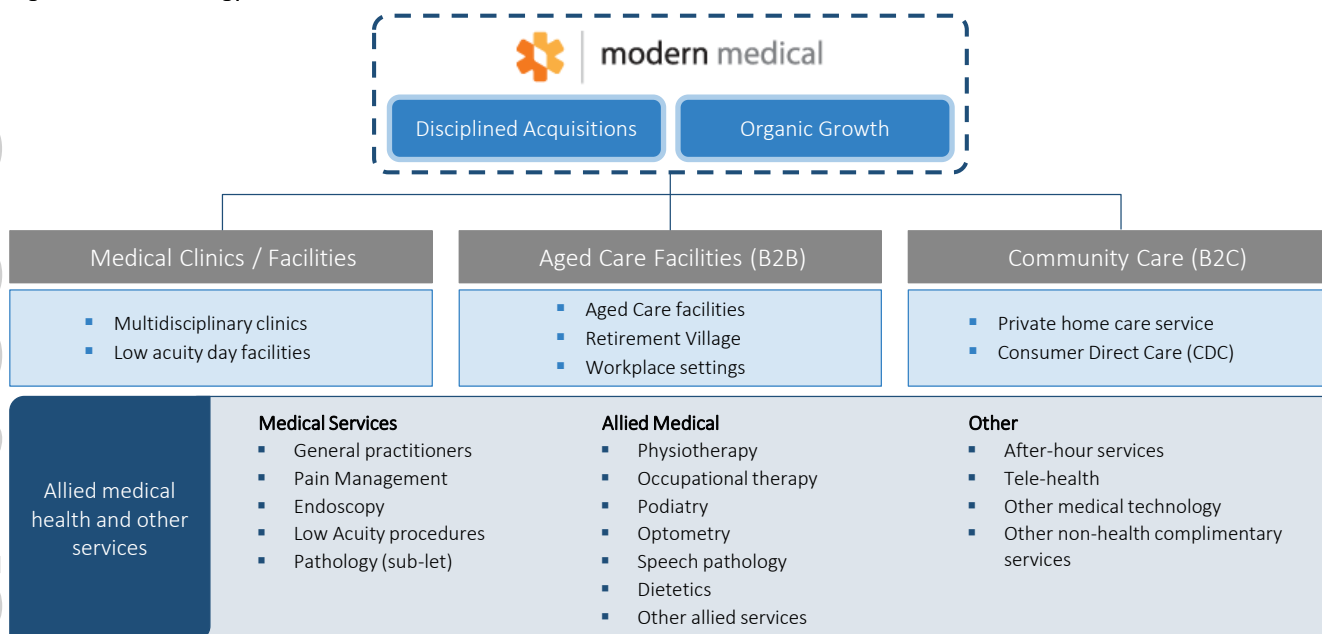
In the event that Shareholder approval is obtained at the EGM, the Company's Securities will be suspended from trading on the Official List of the ASX until the following have been completed:

- the Offer under this Prospectus; and
- re-compliance with Chapters 1 and 2 of the Listing Rules and re-admission to quotation on ASX.

3.5. BGD strategy

The Proposed Transaction is BGD's first step in building and growing a business in the AHM Industry.

Figure 2: BGD strategy



The BGD Board believes these are attractive sectors to establish a healthcare business due to an ageing population and increased incidence of chronic disease in the population over 65. In addition, the industry is benefiting from changes in government policies aimed at shifting the provision of healthcare services away from hospitals to primary healthcare providers to reduce the cost of service delivery. The industry is fragmented with many niche providers, presenting significant opportunity for consolidation. The Company's strategy is to establish a business of scale that offers a multi-disciplinary service offering across a range of providers. Key elements of the strategy include:

- **Disciplined acquisitions** – see Section 3.9 for an overview of the Company's acquisition strategy.
- **Multi-disciplinary service offering** – ability to provide a wide range of allied health and medical services (e.g. GPs, specialists, physiotherapists, occupational therapists and podiatrists) in a clinic environment that is valued by patients who are seeking convenience. From a facility perspective, it allows better utilisation of infrastructure.

In addition, in the retirement village, aged care and home care environment services are often complementary and having a single provider of allied and medical services is more convenient for the customer.

- **Facility based and mobile practitioners** – Services in the retirement village, aged care and home care markets are typically provided by embedded or mobile practitioners. The physical clinic network and practitioners located within these sites could be leveraged to more effectively service these markets.
- **Operational efficiencies** – there may be opportunities to achieve efficiencies as the business gains scale. Areas of opportunity may include:
 - Extending service offerings within clinics;
 - Maximising utilisation of practitioners across the business;
 - Developing processes to ensure government funding is effectively accessed in particular for the ageing and the disabled; and
 - Investing in technology to enhance efficiencies and patient outcomes.

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Proposed Transaction, Company and
Modern Medical Group Overview

Table 3: Key metrics of MMG clinics

	Facility	MMCS Caroline Springs * ¹	MMBN Balwyn	MMCG Craigieburn	MMBW Bayswater	MMHB Hobsons Bay * ²	MMWV Wyndham Vale
Clinic Characteristics	Year commenced	2003	2009	2009	2010	2015	2014
	Consulting rooms	29	9	6	6	9	12
	Treatment beds	4	2	2	2	4	2
Clinic Performance ²⁰	Patient consultations (FY15)	62,453	34,900	26,312	18,756	12,466	4,341
	Private / bulk billing %	22/78%	40/60%	3/97%	2/98%	33/67%	1/99%
	GPs (FT & PT)	18	10	3	5	6	1
	Practice Manager / FTE	2 / (1.7)	1 / (0.8)	1 / (0.8)	1 / (1.0)	1 / (0.9)	1 / (1.0)
Staff	Nurse / FTE	4 / (2.7)	2 / (1.5)	1 / (1)	2 / (1.5)	3 / (0.4)	0 / (0.0)
	Admin + Reception / FTE	14 / (8.5)	8 / (4.2)	4 / (2)	2 / (1.2)	4 / (2.0)	1 (0.5)
Demographics ³	Local Population	20,366	12,944	32,757	11,240	2,339	17,304
	65+ %	3.5%	17.9%	4.4%	15.8%	12.0%	5.4%
Lease information	Local Population	20,366	12,944	32,757	11,240	2,339	17,304
	65+ %	3.5%	17.9%	4.4%	15.8%	12.0%	5.4%
	Lease term (years)	10	5	7	5	10	5
Other Service Offerings	Options	5 years x 3 options	5 years x 2 options	5 years x 4 options	5 years x 2 options	5 years x 3 options	5 years x 3 options
	Pathology rooms	3	1	1	2	3	2
	Allied Health	Yes		Yes	Yes	Yes	Next year

*¹ Incorporates both Caroline springs and specialist centre

*² Located in Spotswood

*³ Sourced from LocalStates and Demographics of Australia

²⁰ Source: unaudited management accounts

3.6.2. History of the Modern Medical Group

The MMG business was established in 2003 by General Practitioner Dr Todd Cameron and Accountant and Advisor Jarrod Schulz.

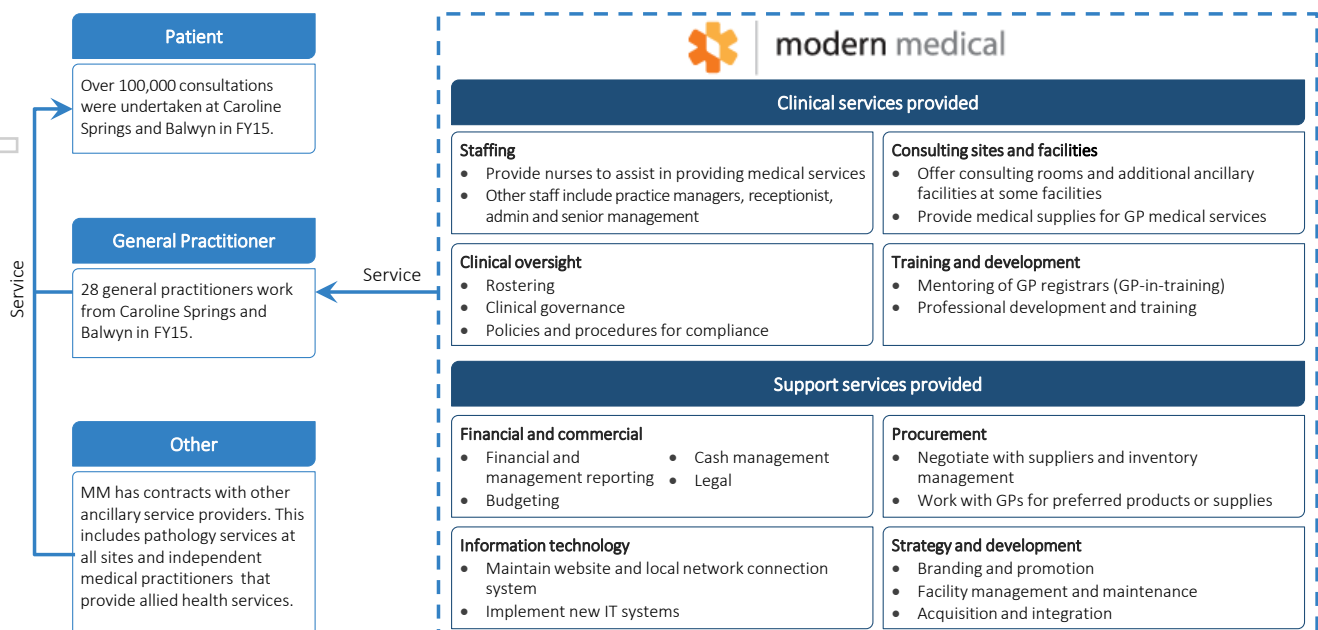
Table 4: History of MMG summary

	No. of clinics	Initial Clinics	Remaining Clinics
2003	1	<ul style="list-style-type: none"> Caroline Spring clinic is opened (first clinic in the district) 	
2009	3	<ul style="list-style-type: none"> Balwyn clinic opens 	<ul style="list-style-type: none"> Opened new medical centre in Craigieburn
2010	4	<ul style="list-style-type: none"> Opened new site in Caroline Springs to include a specialist centre with after hours operations 	<ul style="list-style-type: none"> Opened new medical centre in Bayswater
2013	5		<ul style="list-style-type: none"> Took over operations of the Newport “Challis Street” practice at Hobsons Bay
2014	6	<ul style="list-style-type: none"> Merged Caroline Springs facilities (previously located in 3 sites due to space constraints) into one purpose-built clinic 	<ul style="list-style-type: none"> Opened new medical centre in Wyndham Vale partly funded by the Federal Government as part of the “GP Superclinic” programme
2015	6		<ul style="list-style-type: none"> Moved Hobsons Bay operations to a new purpose built facility in Spotswood

3.6.3. Modern Medical Group business model

The MMG business model revolves around the provision of clinical and support services to medical practitioners, allowing the practitioners to focus on providing care to their patients. This is the common corporate model for medical clinics and can be summarised in Figure 4 below:

Figure 4: Key elements of the MMG business model



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- GPs are not employees, but enter into a service agreement with MMG. Under these agreements, MMG provides consulting rooms within a medical centre, medical supplies, and administrative, nursing and other services for medical practitioners to conduct consultations. In turn, a portion of the revenue brought in by the GPs is paid directly to MMG (typically between the ranges of 30 to 40%).
- Based on MMG's unaudited management accounts, 83% of MMG's revenue is derived from patient fees, with the remainder made up by government incentives and rental income for sub-letting clinic spaces and facilities to other healthcare professionals (incl. pathology, allied health etc.).
- Medicare pays GPs for each medical service session based on the Medicare Benefits Schedule (**MBS**) which is reviewed and updated regularly. GPs are allowed to charge more than the amount reimbursed by Medicare, in which patients are required to pay the difference (also known as out-of-pocket payments).

3.7. Overview of the Initial Clinics

3.7.1. Modern Medical Caroline Springs (MMCS)

MMCS is the founding clinic of MMG, having been established in 2003. The clinic has expanded to include a specialist centre and is the only site in the group offering after hours services. The revenue generation ability of the clinic is attributed to the management's strategy to retain and recruit quality medical practitioners. In addition to that, administration plays the largest part in the day-to-day operations of MMCS in terms of human resource allocation, which is consistent with other clinics within the group.

MMCS – Caroline Springs



Capacity:	
Consulting rooms	29
Treatment beds	4
Service offering:	
Pathology	Yes
Allied health	Yes
After hours	Yes
Property:	
Type	Leasehold
Location	Metro
Last build / refurbishment date	2014

3.7.2. Modern Medical Balwyn (MMBN)

MMBN is one of the two opportunities explored during MMG's first phase expansion in 2009. MMBN has benefited from the implementation of effective quality medical practitioners recruitment strategies. In addition to that, administration plays the largest part in the day-to-day operations of MMBN in terms of human resource allocation, which is consistent with other clinics within the group.

MMBN – Balwyn



Capacity:

Consulting rooms	9
Treatment beds	2

Service offering:

Pathology	Yes
Allied health	No
After hours	No

Property:

Type	Leasehold
Location	Metro

3.7.3. Financial performance

The impact of the Proposed Transaction on the Company has been outlined in the Investigating Accountants Report (IAR), which is set out in Section 4 of this Prospectus.

The Initial Clinics comprise the businesses and assets of MMCS, incorporating CSSC, MMBN, MMAT and MMGPL. Accounts of MMAT, which will be acquired as part of the Proposed Transaction, has been audited and reviewed by the Investigating Accountant. Summary of the financial performance of the pro-forma Initial Clinics for FY14 and FY15, based on MMG's unaudited management accounts, is outlined below:

Table 5: Performance of Initial Clinics

Initial Clinics \$'000	FY14	FY15	Change %
Revenue	8,759	8,964	2%
Costs	8,049	8,326	3%
EBITDA	710	638	-10%
Normalisation Adjustments	302	431	42%
Normalised EBITDA	1,012	1,069	6%
Depreciation	144	175	21%
Normalised EBIT	868	894	3%

The Investigating Accountant reviewed the financial results of the trusts that operate the Initial Clinics for the years ended 30 June 2013, 30 June 2014 and 30 June 2015, to which certain "normalisation" adjustments were made by the MMG Vendors to reflect additional income and expenses required using full accrual accounting. These "normalisation" adjustments were reviewed by Liverpool Partners (an advisory firm controlled by Mr Jonathan Lim, Director of the Company, which is the underwriter to the Offer under this Prospectus) who agreed with the adjustments made. In addition, the Investigating Accountant reviewed and agreed with the adjustments made, to more fully reflect actual results on a full accrual basis. After "normalisation" adjustments, the combined EBITDA are as disclosed in Note 17 to Appendix 3 of the IAR.

35 Section Three Proposed Transaction, Company and Modern Medical Group Overview

The Investigating Accountant are of the view that the adjustments made are reasonable and that the combined “normalised” EBITDA for each of the years ended 30 June 2013, 30 June 2014 and 30 June 2015 are fairly stated.

The table above shows the pro-forma accounts on an accruals basis. The normalisation entries are to adjust EBITDA in accordance with the Sale Deed to reflect one-off relocation costs, rental adjustments, management fee adjustments and other one off expense items from the time the Proposed Transaction is completed.

The table above are not pro-forma profit and loss statements as it does not include BGD’s revenues and expenses.

The following further comments are noted in relation FY15 financial figures of the Initial Clinics financial performance, which are based on unaudited management accounts:

- Majority of the revenue (83%) was derived from patient fees. The remaining revenue was derived from government incomes (5%), rental income (8%) and other incomes (4%).
- Costs comprised of doctor fees for services rendered (ranging on a percentage basis) which represent 61% of costs, operating staff including admin and nurses which represent 17% of total costs, rent, medical supplies and other expenses.
- Normalisations made by the MMG Vendors and reviewed by Liverpool Partners and the Investigating Accountant include management fee adjustment (for the management team that will transfer to BGD and chargeback to Remaining Clinics), one-off relocation costs for MMCS, rental adjustments, adjustment to reflect accruals accounting and other one-off/personal costs.

3.8. MMG organisational structure and team

The Modern Medical Group is led by an experienced executive team that will remain with the business post-completion of the Proposed Transaction. Key members of the team are set out below:

3.8.1. Dr Todd Cameron, Co-Founder of MMG and proposed Director of the Company

Todd is a Fellow of the Royal Australia College of General Practitioners and has practiced as a GP in the Western Suburbs of Melbourne for over 18 years. He is a VMA accredited GP Registrar supervisor and served as a Board member for five years for PivotWest (the Local Division of General Practice) and was sitting as a director and then Chair on the Board of the regional Medicare Local.

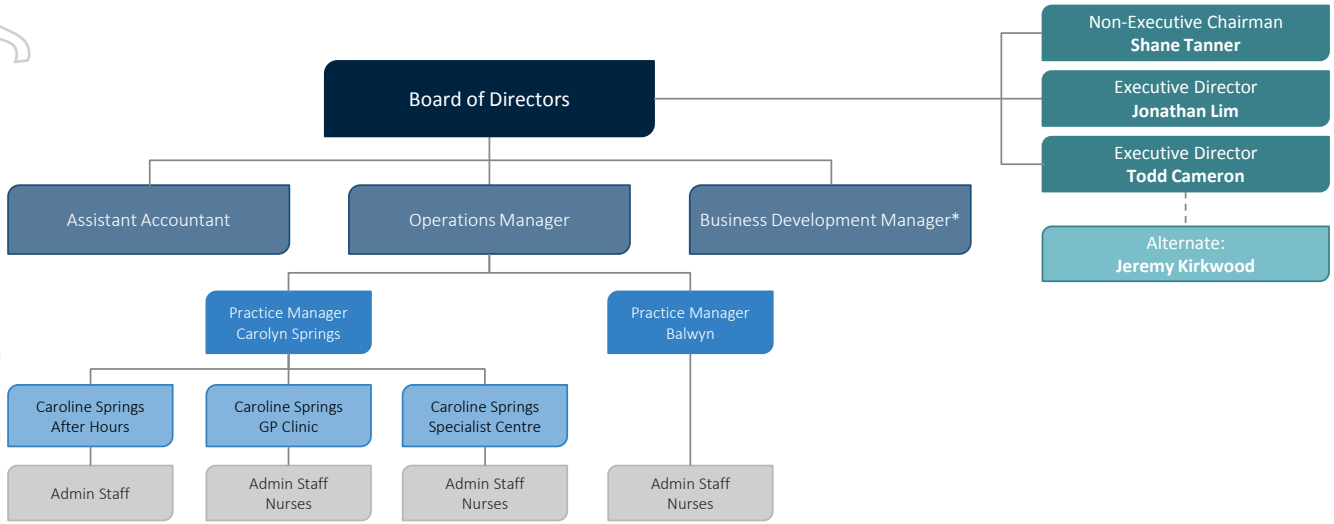
Todd has an extensive track record as a local GP and establishing multi-disciplinary medical clinics. His commitment and passion for team building and systemising primary healthcare has serviced MMG well to date and will be valuable in growing BGD.

Following completion of the Proposed Transaction, Dr Cameron will join the Board of the Company. Shareholder approval is being sought at the EGM for his election.

3.8.2. Mr Rushan Hewawasam, Operations Manager of MMG

Rushan has over 7 years of financial and operational management experience. As the Operations Manager of MMG, his role includes management of the entire MMG, including processes, financial performance and human resources. He also oversees the practice managers that manage the day to day operations of the MMG clinics. Rushan has recently completed a Master’s Degree in Business Administration which will supplement his existing Bachelor Degree in Commerce, majoring in Accounting and Management.

Figure 5: BGD organisational structure



As outlined in Section 3.6.3, medical practitioners are not employed by MMG directly, but rather, each practitioner enters into a service agreement with MMG.

MMCS and MMBN (being the Initial Clinics only, and not all of the MMG clinics) employs approximately 22 FTE's, which may be summarised as follows:

Role	Number of FTE
Management Team	3
Practice Managers	2
Nurses	4
Admin / Support staff	13
Total	22

3.8.3. Organisational structure

MMG is structured with a common services support team, including human resources, finance, sales and marketing, compliance and outsourced IT. This structure is designed to facilitate the addition of new clinics as they are have been developed or acquired.

3.9. BGD’s acquisition strategy

As outlined in Section 2.5 of this Prospectus, the AHM Industry generally exhibits a high degree of fragmentation. The Company’s Board plans to adopt a disciplined acquisition strategy, targeting businesses within a strict criteria:

- Geographic footprint, in particular large scale multi-disciplinary sites with capacity to grow;
- Expand allied health offering (in particular business to business);
- Diversify exposure to funding source; and/or
- Introduce new services to acquired businesses and organic growth.

The acquisition criteria is detailed below:

Table 6: Acquisition screening process

Nature of Businesses	<ul style="list-style-type: none"> ▪ Focus on large scale multi-disciplinary sites or businesses with a complementary B2B service offering and customer base 	✓
Favourable location	<ul style="list-style-type: none"> ▪ Favourable demographics in large catchment areas ▪ Modern clinics with minimal capital expenditure required 	✓
Growth capacity	<ul style="list-style-type: none"> ▪ Access to new aligned market sectors or geographies ▪ Ability to attract additional practitioners ▪ Excess capability allowing introduction of more practitioners or services 	✓
Financial consideration	<ul style="list-style-type: none"> ▪ EBITDA and cash flow positive ▪ EPS accretive 	✓
Vendor / management	<ul style="list-style-type: none"> ▪ Vendors remain in the business (if practitioner owned) to facilitate transition ▪ Capable management team 	✓
Practitioner retention model	<ul style="list-style-type: none"> ▪ Visibility of key practitioner retention is critical ▪ Sustainable remuneration model needs to be in place 	✓

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Section Four
IAR

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23 December 2015

The Directors
BGD Corporation Limited
Suite 12, 50 Clarence Street
SYDNEY NSW 2000

Dear Sirs

RE: INVESTIGATING ACCOUNTANT'S REPORT

1. Introduction

This report has been prepared at the request of the Directors of BGD Corporation Limited ("BGD" or "the Company") for inclusion in a Prospectus to be dated on or around 23 December 2015 ("the Prospectus") relating to the proposed offer and issue by BGD of 102,564,103 New Shares (post consolidated) to be issued at a price of 3.9 cents (on a post consolidated basis - refer below) each to raise a gross \$4,000,000 (the Offer as described in the Prospectus as noted below). The Company reserves the right to accept oversubscriptions for a further \$2,000,000 (a further up to 51,282,051 shares so that if the full oversubscriptions were obtained, the Company would issue 153,846,154 New Shares).

The Company announced that it had entered into various agreements to acquire two medical clinics operated by Modern Medical Pty Ltd (MMG) in Caroline Springs and Balwyn in Victoria and has been granted options ("Options") to acquire a further 4 medical clinics at Craigieburn, Bayswater, Spotswood and Wyndham Vale in Victoria (the "Options") and more fully described below and in the Prospectus. The acquisitions are to be undertaken by a wholly owned subsidiary of BGD recently set up called BGD Medical Centres Pty Ltd. Further details are outlined below.

2. Basis of Preparation

This report has been prepared to provide investors with information on historical results, the condensed statement of financial position (balance sheet) of BGD and the pro-forma consolidated statement of financial position of BGD as noted in Appendix 2. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial reports in accordance with the Corporations Act 2001. This report does not address the rights attaching to the securities to be issued in accordance with the Prospectus, nor the risks associated with the investment. Stantons International Securities Pty Ltd (trading as Stantons International Securities) has not been requested to consider the prospects for BGD (including the Medical Businesses (refer below) being acquired), the securities on offer and related pricing issues, nor the merits and risks associated with becoming a shareholder and accordingly, has not done so, nor purports to do so.

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Stantons International Securities Pty Ltd accordingly takes no responsibility for those matters or for any matter or omission in the Prospectus, other than responsibility for this report. Risk factors are set out in Section 5 of the Prospectus and all investors should read the risks of investing in the Company.

3. Background

BGD is an ASX listed company and was formerly called Boulder Gold Limited. On 13 July 2013, the Board resolved to place the Company into voluntary administration. At its request the Company was suspended from trading on the ASX on 22 July 2013. Following appointment of the administrators, the powers of the Company's officers (including Directors) were suspended and the administrators assumed control of the Company's business, property and affairs. On 29 October 2013, at an adjourned meeting of creditors of the Company, the creditors of the Company agreed to end the voluntary administration and control was handed back to the Directors. On 30 October 2013, a new administrator was appointed as administrator to the Company. Following appointment of the new administrator, the powers of the Company's officers (including Directors) were again suspended and the administrator assumed control of the Company's business, property and affairs.

The administrator subsequently advertised, sought and negotiated proposals to reconstruct the Company with interested parties. Otsana Capital's recapitalisation proposal was accepted at a meeting of creditors of the Company on 4 February 2014.

The Deed of Company Arrangement ("DOCA") was executed on 27 February 2014, as was the Boulder Creditors Trust Deed ("Creditors Trust"). The DOCA provided for the creation of a Creditors Trust and an opportunity for the Company to be restructured for a "cash consideration". Under the DOCA, the claims of the creditors of the Company as at 10 September 2014 now reside with the Creditors Trust. The voluntary administrators were appointed as Deed Administrators and Trustees of the Creditors Trust. The purpose of the DOCA was to facilitate a reconstruction and recapitalisation of the Company with a view to having the Company relisted on the ASX.

The effectuation of the DOCA on 10 September 2014 had the following effect:

- claims of the creditors of the Company as at 10 September 2014 now reside in the Creditors Trust;
- all cash on hand or at bank as at 10 September 2014 was transferred to the Creditors Trust; and
- the Company was required to pay the final promoter contribution of \$100,000.

On 4 September 2014, the Company's shareholders approved at its General Meeting:

- consolidation of existing fully paid shares on a 1 for 46 basis together with the consolidation of its existing share options in the same ratio as the shares;
- issue up to 50,000,000 new post consolidated shares at an issue price of 0.001 cents each to raise up to \$500;
- issue up to 50,000,000 post consolidated share options with an exercise price of 1 cent each, expiring 4 years after issue date, at an issue price of 0.001 cents each to raise up to \$500; and
- issue up to 250,000,000 post consolidated shares at an issue price of 1 cent each to raise up to \$2,500,000.

The Company sought the reinstatement to trading of its shares on the ASX following effectuation of the DOCA on 10 September 2014 and this was granted on 24 December 2014. On 22 July 2014, the Company completed an unmarketable share parcel sale.

Further to the recapitalisation proposal as noted above, the Company:

- incorporated Euroa Steel Plant Project Pty Ltd, a company jointly owned by the Company and Gladstone Steel Plant Pty Ltd (“GSPL”); and
- transferred all assets of the Company to Euroa Steel Plant Project Pty Ltd which comprised of the intellectual property associated with the development of the Gladstone Steel Plant. The transfer occurred as consideration of GSPL making a payment of 50% of the Creditors Payment as outlined in the DOCA of \$300,000.

As at 21 December 2015, the Company continues to hold a 50% shareholding interest in Euroa Steel Plant Project Pty Ltd. The interest in Euroa Steel Plant Project Pty Ltd will be divested in 2016 following completion of the acquisitions of the Medical Businesses. It is noted that the Euroa Steel Plant Pty Ltd Shareholder Deed provided that if the Company entered into a transaction that would be regarded as a change in nature and/or scale of the Company’s activities in accordance with Listing Rule 11.1.2, the Company is required to notify GSPL in writing of the transaction, and is deemed to have granted GSPL a call option to acquire all of the Company’s shares in Euroa Steel Plant Pty Ltd at the relevant time, for a total sale price of \$1.00 (“Call Option”). If the Call Option is exercised, the Company must obtain shareholder approval for the sale of its shares in Euroa Steel Plant Pty Ltd to GSPL. This report assumes that the sale price of BGD’s shares in Euroa Steel Plant Pty Ltd will be sold for \$1.

On 8 October 2015, the Company announced that it had entered into various agreements to acquire two medical clinics operated by MMG in Caroline Springs and Balwyn in Victoria and has been granted Options to acquire a further 4 medical clinics at Craigieburn, Bayswater, Spotswood and Wyndham Vale in Victoria (the Options).

Furthermore, BGD (via BGD Medical Centres Pty Ltd) will acquire the business operations (but not the assets and liabilities) of the Modern Medical Administration Trust (“MMAT”) and not the legal structure. The MMAT undertook administration activities on behalf of the medical clinics operated via various unit trusts managed by MMG. MMG manages seven medical practices operating in Victoria owned by 7 separate unit trusts. There are two unit trusts involved at Caroline Springs, one being a normal medical clinic and the other being a specialist medical clinic but for the purposes of this report the two clinics at Caroline Springs are treated as one business.

The two medical clinics to be acquired (Caroline Springs and Balwyn) are currently operated via unit trusts but BGD intends to acquire the operating business assets (“Medical Businesses”) (and the business of the MMAT) subject to the following conditions precedent:

- Execution of a business sale agreement (now signed);
- Completion of satisfactory due diligence (now completed);
- Successful completion of a capital raising to fund the cash consideration;
- The retention of at least 60% of doctors engaged by MMG; and
- Receipt of required approvals, including that of Australian Securities Exchange (“ASX”) and BGD shareholders.

The proposals to acquire the Medical Businesses operated at Caroline Springs and Balwyn (and the acquisition of the business of MMAT) are known in this report as the Acquisitions. Further details are outlined on MMG and the Medical Businesses below and in the Prospectus.

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The Consideration for the Acquisitions (of the Medical Businesses) has been calculated at approximately 4.50 times maintainable year ended 30 June 2015 earnings before interest, tax, depreciation and amortisation (“EBITDA”) after normalisation adjustments and consists of:

- an upfront payment of \$4,500,000 to the vendors (subject to adjustment as referred below) payable as to:
- 61% of the upfront payment will be satisfied in shares in BGD (“Consideration Shares”), which subject to ASIC approval, will be subject to escrow conditions (the number of post consolidated Consideration Shares to be issued will be 83,181,818 (deemed value \$2,745,000);
- 39% of the upfront payment (maximum of \$1,755,000 but subsequently to be adjusted downwards as noted below) payable in cash and additionally;
- Approximately \$592,219 of chattel mortgage from the two clinics being acquired will be assumed by BDG. This is the estimated chattel mortgages amounts outstanding at the end of January 2016.

The upfront purchase price will be potentially reduced at completion of the Acquisition to account for certain employee entitlements of transitioning employees and to ensure a minimum amount of working capital. It has been estimated that the employee entitlements liabilities will total approximately \$187,000 and thus the \$4,500,000 Up-Front Payment is reduced to approximately \$4,313,000 (cash \$1,568,000 and shares to a value of \$2,745,000. The final upfront cash to be paid will be determined at Completion, once the employee entitlement liability amount is finalised. The Consideration Shares are being issued at a 0.6 cents (post consolidated) discount to the capital raising issue price of 3.9 cents – i.e. the Consideration Shares are deemed to be issued at 3.3 cents each on a post consolidated basis.

At completion of the Acquisition, Dr Todd Cameron, the founding doctor of the MMG Group will be appointed to the BGD Board of Directors. Mr Jeremy Kirkwood will be his alternate.

An earn-out will also be payable on the Caroline Springs and Balwyn clinics in March 2017, 50% of which is to be satisfied by the issue of BGD shares and issued at the 40 day volume weighted average share price (“VWAP”) of a BGD share trading on ASX to 31 March 2017 (“Performance Consideration Shares”) and 50% cash. The quantum of the earn-out payment (“Earn-Out Payment”) will be dependent on the clinics actual financial performance for the 12 months ended 31 December 2016. The Earn-Out Payment, which is dependent upon Todd Cameron remaining in the business as a General Practitioner or in a management capacity until 31 March 2017, will be calculated on a sliding scale as noted in the Material Contracts Section 8 of the Prospectus.

In the event that Dr Todd Cameron should leave the business prior to 31 March 2017, the Earn-Out Payment will not be payable (except in specific circumstances which prevents him from working). For the purposes of this report, we have taken the potential Earn-Out Payment (in cash and shares) as a contingent liability.

In relation to the Options (to acquire a further 4 clinics –refer paragraph 1.2 above), BGD is to pay MMG the sum of \$500,000 as consideration of granting the Options. The Options will be granted in two tranches and be exercisable prior to March 2018 and March 2019 respectively. The exercise of the Options will be dependent on the financial performance of the 4 clinics in the 12 month period prior to them being exercised. If exercised, the Company will pay 5 times 30 June 2017 or 30 June 2018 EBIT.

BGD (via BGD Medical Clinics Pty Ltd) will provide management services to the Option clinics until all Options have been exercised or lapsed. BGD will charge a management fee, to recover the costs of supplying such services.

The Vendors of the Medical Businesses (and MMAT) at the date of Acquisitions will be:

- Como Group Holdings Pty Ltd – 25%;
- Torac Pty Ltd – 45%; and
- JKS Holdings Pty Ltd – 30%

Medical Businesses (currently part of MMG)

The following quote is based on information provided to us by management of MMG:

MMG was established in 2003 by Dr Todd Cameron and Mr Jarrod Schulz, and has expanded to include six integrated primary healthcare clinics providing general practice services and sub-letting clinical space to a range of other healthcare service including allied health and pathology.

MMG provides MMG provides the consulting facilities, nursing and support services to medical practitioners (predominantly to general practitioners) providing healthcare services within MMG clinics. The bulk of general practice services performed by doctors within MMG facilities are funded by the Australian government via Medicare.

The combined MMG clinics provide services to around 10,000 to 14,000 patients per month. The percentage of services bulk billed (funded by Medicare) varies from clinic to clinic and ranges between 60%-99% of total patients

It is proposed that BGD will acquire two of the six MMG clinics, being Caroline Springs and Balwyn, and is being granted an option to acquire the remaining four clinics in Craigieburn, Bayswater, Hobson's Bay and Wyndham Vale.

End of extract from information provided by MMG

Shareholders' approval for the Acquisitions and other ancillary resolutions are being sought at the Extraordinary General Meeting to be held on 7 January 2016 ("EGM").

The Acquisition (of the Medical Businesses) and details on the Medical Businesses are outlined in detail in Sections 1 and 3 of the Prospectus.

On 8 December 2015, the Company issued a Notice of Meeting ("Notice") and an Explanatory Statement attached to the Notice ("ES") that sought shareholder approval for the following:

- Resolution 1 refers to the proposed 1 for 3 consolidation of capital;
- Resolution 2 relates to the change of nature and scale of activities of the Company;
- Resolution 3 relates to the proposal to the issue up to 83,181,818 Consideration Shares to the Vendors;
- Resolution 4 relates to the issue of up to 37,431,818 Consideration Shares (part of the up to 83,181,818 Consideration Shares) to Torac Pty Ltd (a company associated with Dr Todd Cameron) or Nominee as one of the Vendors;
- Resolution 5 relates to the issue of up to 20,795,455 Consideration Shares (part of the up to 83,181,818 Consideration Shares) to Como Group Holdings Pty Ltd (a company associated with Jarrod Schulz) or Nominee as one of the Vendors;
- Resolution 6 relates to the issue of up to 24,954,545 Consideration Shares (part of the up to 83,181,818 Consideration Shares) to JKS Group Holdings Pty Ltd (a company associated with Jeremy Kirkwood) or Nominee as one of the Vendors;
- Resolution 7 relates to the approval to dispose of the 50% interest in the Euroa Steel Plant Joint Venture;
- Resolution 8 relates to the issue of up to 153,846,154 post consolidated shares to raise up to a gross \$6,000,000 (and a minimum of \$4,000,000) as part of the Capital Raising;

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- Resolution 9 relates to the approval of a future issue of up to 2,405,953 post consolidation shares to Shane Tanner or Nominee;
- Resolution 10 relates to the issue of up to 15,523,077 post consolidated shares to Jonathan Lim or nominees (as part of the Capital Raising issue as noted in Resolution 8).
- Resolution 11 relates to the proposal to appoint Dr Todd Cameron to the Board of Directors of BGD following completion of the Acquisitions;
- Resolution 12 relates to the appointment of Jeremy Kirkwood as an alternate director to Dr Todd Cameron; and
- Resolution 13 relates to the re-election of Mr Jonathan Lim as a Director of the Company.

This report and the Prospectus is drawn up on the basis that shareholders at the EGM will approve all of the 13 Resolutions on 7 January 2016.

The current Board of Directors is expected to change in the near future as a result of the Acquisitions. The Board is currently Shane Tanner (Non-Executive Chairman), Jonathan Lim (Non-Executive Director, appointed on 11 November 2015) and Faldi Ismail (Non-executive Director). Dr Todd Cameron will become a new director of the Company from Completion (as defined) of the Acquisitions. Mr Jeremy Kirkwood will act as his alternate. Mr Craig Higgins resigned as a director on 11 November 2015. Mr Faldi Ismail plans to step down as a Director following completion of the Acquisition.

On 29 October 2015, the Company announced that it had entered into a non-binding conditional term sheet to acquire physiotherapy healthcare provider, Health Networks Australia Investments (“HNAI”). If all conditions precedent are met, BGD would pay 5 times HNAI’s EBITDA as initial consideration with an earn-out to be paid in September 2016, contingent on the performance of the HNAI business on the financial year ended 30 June 2016.

Further discussions are being held with other healthcare providers for BGD to acquire their businesses. No further term sheets have been entered into as at 31 December 2015. The Company to fund such potential acquisitions may need to issue a further prospectus in 2016 to raise between \$10,000,000 and \$15,000,000.

Potential investors should read the Prospectus in full. We make no comments as to ownership or values of the current and proposed assets being acquired. Further details on all significant (material) contracts entered into by the Company (and entities associated with the Medical Businesses) relevant to new and existing investors are referred to in Section 8 of the Prospectus.

4. Scope of Examination

You have requested Stantons International Securities Pty Ltd to prepare an Independent Accountant’s Report on:

- (a) The consolidated statement of profit and loss and other comprehensive income of BGD for the year ended 30 June 2015;
- (b) The consolidated statement of financial position of BGD as at 30 June 2015; and
- (c) The consolidated pro-forma statement of financial position of BGD at 30 June 2015 adjusted to include funds to be raised by the Prospectus and the completion of transactions referred to in note 2 of Appendix 3.

All of the financial information referred to above has been audited (except for the pro-forma consolidated statement of financial position as at 30 June 2015). The consolidated financial accounts of the MMAT have also been audited for the years ended 30 June 2013, 2014 and 2015. The Directors of BGD are responsible for the preparation and presentation of the historical and pro-forma financial information, including the determination of the pro-forma transactions. We

have however examined the financial statements and other relevant information and made such enquiries, as we considered necessary for the purposes of this report.

The scope of our examination was substantially less than an audit examination conducted in accordance with Australian Auditing Standards and accordingly, we do not express such an opinion.

Our examination included:

- a) Discussions with Directors and other key management of BGD;
- b) Review of contractual arrangements;
- c) A review of publicly available information; and
- d) A review of work papers, accounting records and other documents

5. Opinion

In our opinion, the pro-forma consolidated statement of financial position as set out in Appendix 2 presents fairly, the pro-forma consolidated statement of financial position of BGD as at 30 June 2015 in accordance with the accounting methodologies required by Australian Accounting Standards on the basis of assumptions and transactions set out in Appendix 3. It is our view that the historic financial information set out in Appendices 1, 2 and 3 (including the financial information on MMAT as well as BGD) presents fairly and no adjustments on the historical results and statements of financial position, as shown in Appendices 1, 2 and 3 (including MMAT financial information) (audited by the parent entity of Stantons International Securities Pty Ltd) are required. We state that nothing has come to our attention which would require any further modification to the financial information relating to BGD and MMAT in order for it to present fairly, the consolidated statements of profit and loss and other comprehensive income (for BGD and MMAT for the years ended 30 June 2013, 2014 and 2015) and the consolidated statements of financial position as at 30 June 2015 for both BGD and MMAT.

We have reviewed the financial results of the three trusts that operate the three clinics being acquired for the years ended 30 June 2013, 30 June 2014 and 30 June 2015 and note that the Vendors made certain “normalisation” adjustments to reflect, in the main, additional income and expenses required using full accrual accounting and these were reviewed by Liverpool Partners, an advisory firm (in which Jonathan Lim, a Director of BGD) and agreed to them. We have reviewed the “normalisation” adjustments made by the Vendors and reviewed by Liverpool Partners and agreed with the adjustments made, to more fully reflect actual results on a full accrual basis (only a small part of the “normalisation” adjustments related to the elimination of costs that were one-off or costs highly unlikely to be incurred in future years). After “normalisation” adjustments, the combined earnings before interest, depreciation, amortisation and tax (“EBITDA”) are as disclosed in Note 17 to Appendix 3 of this report.

We are of the view that the adjustments made were reasonable and that the combined “normalised” EBITDA for each of the three years noted are fairly stated. It is noted that the three trusts that currently operate the three clinics being acquired pay no tax and any taxable income is taxed in the hands of the trust beneficiaries. Any future profits post Acquisition by BDG Medical Centres Pty Ltd will be taxed in the hands of BDG Medical Centres Pty Ltd.

To the best of our knowledge and belief, there have been no other material items, transactions or events subsequent to 30 June 2015 that have come to our attention during the course of our review which would cause the information included in this report to be misleading.

6. Other Matters

At the date of this report, Stantons International Securities Pty Ltd or Stantons International Audit and Consulting Pty Ltd (Trading as Stantons International) do not have any interests in BGD either directly or indirectly, or in the outcome of the offer. Stantons International Securities Pty Ltd and Stantons International (who has audited the financial information on MMAT for the three years ended 30 June 2013, 30 June 2014 and 30 June 2015) were not involved in the preparation of any other part of the Prospectus, and accordingly, make no representations or warranties as to the completeness and accuracy of any information contained in any other part of the Prospectus. Stantons International Securities Pty Ltd consents to the inclusion of this report (including Appendices 1 to 3) in the Prospectus in the form and content in which it is included. At the date of this report, this consent has not been withdrawn.

Yours faithfully

STANTONS INTERNATIONAL SECURITIES PTY LTD



**John Van Dieren – FCA
Director**

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INVESTIGATING ACCOUNTANT'S REPORT

APPENDIX 1 – CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	BGD Year ended 30 June 2015 (Audited)
	\$
Revenue- interest income	9,467
Revenue- gain on arising from the DOCA	353,637
Director related expenses	<u>(131,866)</u>
Management fees	(280,000)
Corporate expenses	(239,472)
Share based payments	(880,561)
Other expenses	<u>(61,223)</u>
(Loss) before finance costs	(1,230,018)
Finance costs	<u>(25,501)</u>
(Loss) before tax from continuing activities	(1,255,519)
Income tax	-
Net (loss) after tax from continuing activities	<u>(1,255,519)</u>
Net loss attributable to the members	<u>(1,255,519)</u>
Other Comprehensive Income	-
Total Comprehensive Loss for the period	<u><u>(1,255,519)</u></u>
Loss attributable to:	
Equity holders of the Company	<u>(1,255,519)</u>
	<u><u>(1,255,519)</u></u>
Total Comprehensive Loss attributable to:	
Equity holders of the Company	<u>(1,255,519)</u>
	<u><u>(1,255,519)</u></u>

The Company, once the acquisition of BGD is consummated, will be entering into expanded business activities in the medical healthcare sector and an increase in the scale of activities.

We have not disclosed the financial information for the year ended 30 June 2014 as the Company was in Administration and/or a DOCA for the final four months of the financial year that period and the accounts of prior periods do not reflect the Company's current operations. It should also be noted that whilst the accounts of BGD have been audited, they have been qualified on the basis of incomplete information as a consequence of the Administration. Accordingly, the provision of BGD accounts for financial period to 30 June 2014 (and prior) are not considered relevant and could be potentially misleading.

APPENDIX 2 – AUDITED AND UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Audited Adjusted 30 June 2015 BGD \$000 “A”	Unaudited Pro-forma 30 June 2015 BGD (including the Medical Businesses \$000 “B”	Audited Adjusted MMAT 30 June 2015 \$000
Current Assets			
Cash assets (note 3)	1,204,140	1,860,972	1,889
Trade and other receivables/prepayments (note 4)	50,232	50,232	-
Owing by various medical trusts (note 4)	-	-	266,205
Investments accounted for using the equity method (note 5)	1	1	-
Total Current Assets	<u>1,254,373</u>	<u>1,911,205</u>	<u>268,094</u>
Non Current Assets			
Plant and equipment (note 6)	-	350,000	-
Intangibles (note 7)	-	4,742,219	-
Total Non Current Assets	<u>-</u>	<u>5,092,219</u>	<u>-</u>
Total Assets	<u>1,204,373</u>	<u>7,003,424</u>	<u>268,094</u>
Current Liabilities			
Trade and other payables (note 8)	463,168	-	44,816
Financial liabilities – Loans from various medical trusts (note 9)	-	-	249,374
Chattel Mortgages (secured) (note 10)	-	178,900	-
Employee entitlements (note 11)	-	-	14,923
Total Current Liabilities	<u>463,168</u>	<u>178,900</u>	<u>309,113</u>
Non-Current Liabilities			
Chattel Mortgages (secured)(note 10)	-	413,319	-
Total non-current Liabilities	<u>-</u>	<u>413,319</u>	<u>-</u>
Total Liabilities	<u>463,168</u>	<u>592,219</u>	<u>309,113</u>
Net Assets (Liabilities)	<u>791,205</u>	<u>6,411,205</u>	<u>(41,019)</u>
Equity			
Issued Capital (note 12)	56,437,509	62,857,509	120
Reserves (note 13)	1,362,735	1,362,735	-
Accumulated Losses (note 14)	(57,009,039)	(57,809,039)	(41,139)
Total Equity	<u>791,205</u>	<u>6,411,205</u>	<u>(41,019)</u>

Condensed Notes to and forming part of the above condensed consolidated statements of financial position are attached.

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INVESTIGATING ACCOUNTANT'S REPORT

APPENDIX 3

CONDENSED NOTES TO THE UNAUDITED AND UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

1. Statement of Significant Accounting Policies

(a) Basis of Accounting

The audited and unaudited condensed consolidated Statement of Profit and Loss and Other Comprehensive Income and unaudited condensed consolidated Statements of Financial Position have been prepared in accordance with applicable accounting standards, the Corporations Act 2001 and mandatory professional reporting requirements in Australia (including the Australian equivalents of International Financial Reporting Standards) and we have made such disclosures as considered necessary. They have also been prepared on the basis of historical cost and do not take into account changing money values. The accounting policies have been consistently applied, unless otherwise stated. The financial statements have been prepared on a going concern basis that is dependent on the capital raising being successful.

(b) Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantially enacted as at balance date. Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxation profit or loss. Deferred income tax assets are recognised to the extent that it is probable that the future tax profits will be available against which deductible temporary differences will be utilised. The amount of the benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in the income taxation legislation and the anticipation that the economic unit will derive sufficient future assessable income to enable the benefits to be realised and comply with the conditions of deductibility imposed by law.

(c) Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value, less where applicable, any accumulated depreciation and impairment losses. The carrying amount of the plant and equipment is reviewed annually by the Directors to ensure it is not in excess of the recoverable amount of these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employed and their subsequent disposal. The expected net cash flows have been discounted to their present value in determining recoverable amounts.

(d) Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the Company commencing from the time the asset is held ready for use. The asset's residual value and useful lives are reviewed and adjusted if appropriate, at each balance sheet date.

An asset's carrying value is written down immediately to its recoverable amount if the asset's carrying value is greater than the estimated recoverable amount. Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement.

(e) Trade and other accounts payable

Trade and other accounts payable represent the principal amounts outstanding at balance date, plus, where applicable, any accrued interest.

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(f) Recoverable Amount of Non Current Assets

The carrying amounts of non-current assets are reviewed annually by Directors to ensure they are not in excess of the recoverable amounts from those assets. The recoverable amount is assessed on the basis of the expected net cash flows, which will be received from the assets employed and subsequent disposal. The expected net cash flows have been or will be discounted to present values in determining recoverable amounts.

(g) Revenue and Other Income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the entity and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

All revenue is stated net of the amount of goods and services tax (GST).

Sale of Goods

Revenue is recognised on transfer of goods to the customer as this is deemed to be the point in time when risks and rewards are transferred and there is no longer any ownership or effective control over the goods.

Interest Revenue

Interest is recognised using the effective interest method.

Rendering of Services

Revenue in relation to rendering of services is recognised depends on whether the outcome of the services can be measured reliably. If this is the case then the stage of completion of the services is used to determine the appropriate level of revenue to be recognised in the period. If the outcome cannot be reliably measured then revenue is recognised to the extent of expenses recognised that are recoverable.

(h) Issued Capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.

(i) Principles of Consolidation

The consolidated financial statements comprise the financial statements of BGD and its subsidiaries (“the Group”). Subsidiaries are all those entities over which the Company has control. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are carried at their cost of acquisition in the Company’s financial statements.

In preparing the consolidated financial statements all intercompany balances and transactions, income, expenses and profit and loss resulting from intergroup transactions have been eliminated in full.

Minority interests held by the Company are allocated their share of net profit after tax in the statement of comprehensive income and are presented within equity in the statement of financial position, separately from parent shareholders’ equity.

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(j) Employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave, and long service leave.

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the market yield as at the reporting date on national government bonds, which have terms to maturity approximating the terms of the related liability, are used.

(k) Critical accounting estimates and judgements

In preparing this Financial Report, the Company has been required to make certain estimates and assumptions concerning future occurrences. There is an inherent risk that the resulting accounting estimates will not equate exactly with actual events and results.

(l) Significant accounting judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Key judgements

Share Based Payments

The Company measures the cost of equity settled transactions with directors and employees by reference to the fair value of the equity instruments as at the date at which they are granted. The assessed fair value of the share options at the grant date is allocated equally over the period from the grant date to the vesting date. The fair value at the grant date is determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the options, the impact of dilution, the share price, the expected volatility of the underlying share, the expected dividend, and the risk-free interest rate for the term of the option.

Impairment

The Group assesses impairment at each reporting date by evaluating conditions and events specific to the Group that may be indicative figures. Recoverable amounts of relevant assets are reassessed using value-in use calculations which incorporate various key assumptions.

(m) Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period include impairment of capitalised case funding costs, goodwill on consolidation and investments in subsidiaries.

(n) Financial Instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' ("FVTPL"), 'held-to-maturity' investments, 'available-for-sale' ("AFS") financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if: it has been acquired principally for the purpose of selling it in the near term; or on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or it has a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if: such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or it forms part of a contract containing one or more embedded derivatives, and AASB 139 'Financial Instruments: Recognition and Measurement' permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item.

AFS financial assets

Listed shares held by the Company that are traded in an active market are classified as AFS and are stated at fair value. The Company also has investments in unlisted shares that are not traded in an active market but that are also classified as AFS financial assets and stated at fair value (because the directors consider that fair value can be reliably measured). Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of AFS debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

(o) Intangible assets

Goodwill

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment. If impaired, a write down will occur.

Acquired both separately and from a business combination

Intangible assets acquired separately are acquired at cost and from a business combination are acquired at fair value as at the date of acquisition. Following initial recognition, the cost model is applied to the class of intangible assets.

The useful lives of these intangible assets are assessed to be either finite or indefinite. Where amortization is charged on assets with finite lives, this expense is taken to the income statement.

Intangible assets, excluding development costs, created within the business are not acquired and expenditure is charged against the income statement in the year in which the expenditure is incurred.

Intangible assets are tested for impairment where an indicator of impairment exists and in the case of indefinite life intangibles annually, either individually or at the cash generating unit level. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

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Other intangible assets

Other intangible assets that are acquired by the consolidated entity are stated at cost less accumulated amortisation (see below) and impairment losses.

Expenditure on internally generated goodwill and brands is recognised in the statement of comprehensive income as an expense as incurred.

Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation

A summary of the policies applied to the consolidated entity's intangible assets is as follows:

Goodwill and intangible assets with an indefinite life are systematically tested for impairment at each balance sheet date. Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss when the asset is derecognised.

(p) Accounting for business combinations

The Company has adopted IFRS 3 *Business Combinations*. All business combinations are accounted for by applying the acquisition method.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Company takes into consideration potential voting rights that currently are exercisable. The acquisition date is the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another.

The Company measures goodwill as the fair value of the consideration transferred including the acquired amount of any non-controlling interest in the acquiree, less the net acquired amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Company to the previous owners of the acquiree, and equity interests issued by the Company. Consideration transferred also includes the fair value of any contingent consideration and share-based payment awards of the acquiree that are replaced mandatorily in the business combination (see below). If a business combination results in the termination of pre-existing relationships between the Company and the acquiree, then the lower of the termination amount, as contained in the agreement, and the value of the off-market element is deducted from the consideration transferred and recognized in other expenses.

Transaction costs that the Company incurs in connection with a business combination, such as stamp duty, finder's fees, legal fees, due diligence fees, and other professional and consulting fees are expensed as incurred. A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

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When share-based payment awards (replacement awards) are exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then a part of the market-based measure of the replacement awards is included in the consideration transferred. If future services are required, then the difference between the amount included in consideration transferred and the market-based measure of the replacement awards is treated as post-combination compensation cost.

(q) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the company are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amount equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives or the lease term. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the lease term. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

2. Actual and Proposed Transactions to Arrive at Pro-forma Unaudited Consolidated Statement of Financial Position

Actual and proposed transactions adjusting the 30 June 2015 audited consolidated condensed Statement of Financial Position of BGD (adjusted for incurring estimated administration, due diligence and other costs of \$400,000 for the period 1 July 2015 to 31 January 2016 and added to creditors and the writing down of the investment in Euroa Steel Plant Pty Ltd from \$300,000 to \$1) in the pro-forma consolidated Statement of Financial Position of BGD are as follows:

- (a) The 1 for 3 consolidation of capital;
- (b) The completion of the Capital Raising of a gross amount of \$4,000,000 (102,564,103 Capital Raising Shares at 3.9 cents each) and incurring further capital raising costs and other costs of \$325,000 and advisory fees of \$300,000;
- (c) The acquisition of all the 2 Medical Businesses (and MMAT) for an initial cost of up to \$4,500,000 and the assumption of chattel mortgages of \$592,219 (estimated as at 31 January 2016) (the plant and leasehold improvements taken over have an assumed 31 January 2016 written down value of \$350,000). The \$4,500,000 is to be extinguished by way of the issue of 83,181,818 Consideration Shares at a deemed 3.3 cents each (\$2,745,000) and the payment of \$1,755,000 cash to the Vendors. Initially, a working capital retention amount of \$555,000 will be withheld until the Employee Entitlements liability amount is determined (may approximate \$187,000) and after determining the Employee Liability amount, the balance of the retention amount will be paid to the Vendors. However, for the purposes of the pro-forma consolidated statement of financial position, we have disclosed the maximum Cash Consideration payable of \$1,755,000
- (d) The payment of \$500,000 to enter into the Option Agreements;
- (e) The payment of the estimated BGD creditors of \$463,168.

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	Note 2	Audited (adjusted) Consolidated BGD 30 June 2015 \$	Unaudited Consolidated BGD Pro-forma 30 June 2015 \$
3. Cash Assets			
The movements in cash assets are as follows:			
Unaudited 30 June 2015		1,204,140	1,204,140
Issue of New Shares under the Prospectus	(b)	-	4,000,000
Prospectus issue and advisory	(b)	-	(625,000)
Up-Front Payment	(c)	-	(1,755,000)
Cash of MMA	16	-	-
Payment of Option Fees	(d)	-	(500,000)
Payment of BGD creditors	(e)	-	(463,168)
		1,204,140	1,860,972
4. Receivables, loans and prepayments			
Current			
Other receivables		50,232	50,232
Owing by various medical trusts	16	-	-
		50,232	50,232
5. Investments accounted for using the equity method (available for sale)			
Shares in Euora Steel Plant Project Pty Ltd		300,000	300,000
Less: Write down in investment		(299,999)	(299,999)
		1	1
6 Plant and equipment			
At cost,	17	-	350,000
Less: accumulated depreciation	17	-	-
		-	350,000
The majority of the plant and leasehold improvements are secured by Chattel Mortgages as noted below.			
7. Intangibles			
Goodwill of medical clinics	17	-	4,742,219
		-	4,742,219
8. Trade and other payables			
Trade and other payables		463,168	463,168
Payables of MMAT	16	-	-
Payables of BGD	(e)	-	(463,168)
		463,168	-
9. Financial Liabilities			
Loans from various unit trusts	16	-	-
		-	-

	Note 2	Audited (adjusted) Consolidated BGD 30 June 2015 \$	Unaudited Consolidated BGD Pro-forma 30 June 2015 \$
10. Chattel Mortgages (secured over plant)			
Due within 12 months	16	-	178,900
Due after 12 months	16	-	413,319
Interest on the chattel mortgages between 6.0% and 10.65%			
11. Employee entitlement1			
Annual leave (refer notes 12 and 15)	16	-	-
12. Issued Capital			
312,013,015 shares on issue as at 30 June 2015		56,437,509	56,437,509
1 for 3 consolidation of capital	(a)		
104,004,558 post consolidated shares		56,437,509	56,437,509
102,564,103 shares pursuant to the Prospectus	(b)	-	4,000,000
83,181,818 Consideration Shares	(c)	-	2,745,000
		56,437,509	63,182,509
Less: estimated share issue costs	(b)	-	(325,000)
Pro-forma		56,437,509	62,857,509

The maximum number of shares on issue after the Capital Raising (of \$4,000,000) and Acquisitions are completed will be 289,750,479 (before the issue of any Contingent Performance Shares).

The upfront purchase price will be potentially reduced at completion of the Acquisition to account for certain employee entitlements of transitioning employees and to ensure a minimum amount of working capital. It has been estimated that the employee entitlements liabilities will total approximately \$187,000 and thus the \$4,500,000 Up-Front Payment is reduced to approximately \$4,350,000 (cash \$1,568,000 and shares to a value of \$2,745,000). The final up-front cash to be paid will be determined at Completion, once the employee entitlement liability amount is finalised. The Consideration Shares are being issued at a 0.6 cents (post consolidated) discount to the capital raising issue price of 3.9 cents – i.e. the Consideration Shares are deemed to be issued at 3.3 cents each on a post consolidated basis.

In the event that the Company accepts the maximum oversubscriptions of \$2,000,000 (to take the Capital Raising to \$6,000,000), the maximum number of shares on issue increases by 51,282,051 to 341,032,530, issued capital increases to \$64,782,509 after allowing for additional capital raising costs of \$125,000 and cash at bank increases by \$1,875,000 to \$3,735,972.

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	Note 2	Audited (adjusted) Consolidated BGD 30 June 2015 \$	Unaudited Consolidated BGD Pro-forma 30 June 2015 \$
13. Reserves			
Option Reserve balance as at 30 June 2015		1,362,735	1,362,735
		<u>1,362,735</u>	<u>1,362,735</u>

There will be 16,666,667 post consolidated share options outstanding, exercisable at 3 cents each, on or before 22 December 2018, 15,000,000 post-consolidated share options exercisable at 3 cents each before 13 February 2018 and 1,666,667 post consolidated share options exercisable at 3 cents each before 8 September 2018. The 15,000,000 class of share options may only be exercised when the volume weighted average share price ("VWAP") is 6 cents or above for 20 consecutive trading days on or before 13 December 2017 and the 1,666,667 class of share options may only be exercised when the volume weighted average share price ("VWAP") is 6 cents or above for 20 consecutive trading days on or before 8 September 2017.

14. Accumulated losses

Balance as at 30 June 2015		56,959,039	56,959,039
Advisory fees	(b)	-	300,000
Option fees payable (refer Note 15)	(d)	-	500,000
		<u>56,959,039</u>	<u>57,759,039</u>

15. Contingent Assets, Liabilities and Commitments

The Company has the following contingent liabilities and commitments that have not been accounted for in the pro-forma consolidated statement of financial position as at 30 June 2015.

An earn-out will also be payable on the Caroline Springs and Balwyn clinics in March 2017, 50% of which is to be satisfied by the issue of BGD shares and issued at the 40 day volume weighted average share price ("VWAP") of a BGD share trading on ASX to 31 March 2017 ("Performance Consideration Shares") and 50% cash. The quantum of the earn-out payment ("Earn-Out Payment") will be dependent on the clinics actual financial performance for the 12 months ended 31 December 2016. The Earn-Out Payment, which is dependent upon Todd Cameron remaining in the business as a General Practitioner or in a management capacity until 31 March 2017, on a sliding scale of a multiple of earnings before interest and tax ("EBIT") for the calendar year ended 31 December 2016 less \$4,500,000 (refer Section 8 of the Prospectus). In the event that Dr Todd Cameron should leave the business prior to 31 March 2017, the Earn-Out Payment will not be payable (except in specific circumstances which prevents him from working). We cannot be assured that the growth prospects envisaged above will be met.

In relation to the Options (to acquire a further 4 clinics), BGD is to pay MMG the sum of \$500,000 as consideration of granting the Options. The Options will be granted in two tranches and be exercisable prior to March 2018 and March 2019 respectively. The exercise of the Options will be dependent on the financial performance of the 4 clinics in the 12 month period prior to them being exercised. If exercised, the Company will pay 5 times 30 June 2017 or 30 June 2018 EBIT.

The Company has agreed to enter into a service contract with Dr Todd Cameron and has entered or agreed to enter into various consultancy contracts with other consultants as noted in Section 8 of the Prospectus. The non-executive directors who will remain on the Board of BGD post completion of the Acquisition are entitled to director fees. Further details are outlined in section 8

of the Prospectus. In addition, the Company has or will enter into Indemnity Deeds with each Executive and Non-Executive Director.

Based on discussions with the Directors and legal advisors, to our knowledge, the Company has no other material commitment or contingent liabilities not otherwise disclosed in this Investigating Accountant's Report and in the Prospectus.

Investors should read the Prospectus for further possible contingencies and commitments. For details on proposed commitments pertaining to the expanded BGD Group, refer to the Use of Proceeds Section 1 E of the Prospectus.

16. Summary of MMAT from the audited Statement of Financial Position as at 30 June 2015 (after writing off \$120 cash on hand)

Current Assets	
Cash at bank	1,889
Receivables (due by various unit trusts)	266,205
Trade creditors	(44,816)
Employee entitlements	(14,923)
Financial liabilities (loans to various unit trusts)	<u>(249,374)</u>
Net Assets (Liabilities)	<u>(41,019)</u>

MMAT is the administration unit trust that pays certain overheads of all of the medical clinics operated under the umbrella of MMG. The MMAT normally breaks even each year as all costs incurred are charged to the various unit trusts that operate the medical centres. No Consideration amount has been allocated to the business of MMAT. As noted above the book assets and liabilities of the MMAT are not to be assumed at Settlement of the Acquisitions of the Medical Businesses. Stantons International audited the financial statements of the MMAT for the three years ended 30 June 2015.

17. Acquisitions of the Medical Businesses

The maximum cost of the Acquisitions from BGD's point of view as a parent entity is as follows:

Maximum number of shares issued (83,181,818 Consideration Shares at a deemed 3.3 cents each)
Up-Front Cash Payment
Assumption of Chattel Mortgages
Total Acquisition costs

BGD
30 June 2015
\$

2,745,000
1,755,000
592,219
5,092,219

Plant assets at fair values acquired (plant and leasehold improvements) - 31 January 2016 (estimated)

350,000

Excess of cost of acquisition over net assets acquired representing goodwill on acquisition – see note below.

\$4,742,219

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The excess of the cost of acquisition over the net assets acquired is estimated at approximately \$4,742,219. The actual goodwill on consolidation figure may alter once the written down values of assets under Chattel Mortgages are determined, along with the final figure for Employee Entitlements that may be assumed at the actual date of acquisition (refer Note 15). Also additional Performance Consideration Shares and Performance Consideration Cash may be payable to the Vendors in March 2017 (refer Note 15).

Recoverability of the investments in the Medical Businesses is dependent on the success of the Medical Businesses. The Company, in the absence of sufficient profits in the future by the Medical Businesses may need to impair the goodwill on acquisition. Past results are no definitive indicators of future profits that may be earned by the Medical Businesses.

The consolidated EBITDA for the Medical Businesses combined (Caroline Springs and the Caroline Springs Special Centre and Balwyn) for the years ended 30 June 2015 and 2014 (before normalisation and other adjustments as noted below) are disclosed below. The EBITDA figures have then been adjusted by the Vendors and reviewed by Liverpool Partners to take into account items of income and expenditure that are "one off" and adjustments to income and expenditure to account for certain income and expenditure items on an accruals basis. We have also made further adjustments after a review of the financial information provided to us.

	30 June 2015	30 June 2014
	\$	\$
EBITDA as per spread sheets and unaudited account of the Trusts	638,152	709,913
Adjustments made by the Vendors and reviewed by Liverpool Partners (reviewed by us and appear valid adjustments)	430,934	301,982
ADJUSTED EBITDA	<u>1,069,086</u>	<u>1,011,895</u>

The EBITDA figures as per spread sheets were obtained from the unaudited financial statements of the three trusts (for the years ended 30 June 2015 and 30 June 2014). In preparing an independent expert's report for BGD's shareholders to consider the acquisition of the Medical Businesses, we rounded the normalised EBITDA average over the two years to \$1,000,000. We do not warrant or guarantee that at least the normalised EBITDA figure will be achieved in future years. The clinics were run via various trusts and thus no income tax was payable by the trusts.

A summary of the normalised unaudited consolidated results of the three clinics as prepared by the Vendors and reviewed by Liverpool Partners for the two years ended 30 June 2015 are as follows:

	30 June 2015	30 June 2014
Gross revenues after normalisation	9,375,676	9,047,731
Operating costs after normalisation	<u>8,306,590</u>	<u>(8,035,837)</u>
EBITDA after normalisations	1,069,086	1,011,895
Depreciation and amortisation	(174,977)	(144,040)
Finance costs	<u>(56,406)</u>	<u>(51,595)</u>
Net normalised profits before tax	<u>\$837,703</u>	<u>\$816,659</u>

As noted above, we agree with the "normalisation" adjustments made by the Vendors and reviewed by Liverpool Partners for the two years ended 30 June 2015 (and the year ended 30 June 2013 as noted below).

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Following on from adjusting for “normalisation” for the two years ended 30 June 2014 and 2015, further “normalisation” entries have been undertaken by the Vendors and agreed to by Liverpool Partners (and reviewed and agreed by us as reasonable) in relation to the three clinics for the year ended 30 June 2013.

The adjusted EBITDA for the year ended 30 June 2013 is as follows:

EBITDA as per spread sheets and unaudited accounts of the Trusts	307,105
Adjustments made by Vendors and reviewed by Liverpool Partners (reviewed by us and appear valid adjustments)	<u>363,360</u>
ADJUSTED EBITDA	<u>\$670,465</u>

The adjusted “normalised” position for the year ended 30 June 2013 is as follows:

Gross revenues	7,906,794
Operating costs after normalisation	<u>7,236,329</u>
EBITDA after normalisations	670,465
Depreciation and amortisation	(181,190)
Finance costs	<u>(261,990)</u>
Net normalised profits before tax	<u>\$227,645</u>

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Section Five
Risks

THE RISKS CONTAINED BOTH IN SECTION 1 (INVESTMENT OVERVIEW) AND THIS SECTION SHOULD BE CONSIDERED CAREFULLY BY POTENTIAL APPLICANTS

This Section identifies the areas the Directors regard as many of the major risks associated with an investment in the Company post-completion of the Proposed Transaction. As mentioned previously, given the nature and scale of the Proposed Transaction, there will be a strong correlation between the risks faced by MMG and the Company.

Potential Applicants should be aware that an investment in the Company involves many risks, which may be higher than the risks associated with an investment in other companies. Prospective investors should read the whole of this Prospectus and consult with their professional advisors for legal, business, financial or tax advice in order to fully appreciate such matters and the manner in which the Company intends to operate before any decision is made to apply for New Shares under this Prospectus.

The following summary, which is not exhaustive, represents some of the major risk factors that Potential Applicants need to be aware of. These risks have been separated into:

- (a) Risks unique to the Company;
- (b) General risks associated with the allied health and medical services industry (**AHM Industry**), a subset of the wider primary healthcare industry in Australia; and
- (c) Other general risks which may not be industry specific that must be considered by Potential Applicants.

The specific risks considered, and others not specifically referred to in this Prospectus may in the future materially affect the financial performance of the Company and the value of the Securities offered under this Prospectus.

There are numerous widespread risks associated with investing in any form of business and with investing in the share market generally. There is also a range of specific risks associated with the Company's business and its involvement in the AHM Industry.

An investment in the Company should be regarded as speculative. Potential Applicants should realise that the value of their investment may fluctuate considerably due to many factors.

Some of the risks may be mitigated by the Company using safeguards and appropriate systems and taking certain actions. Some of the risks may be outside the control of the Company and not capable of mitigation. No assurances can be given that any of the risk factors will not adversely impact the Company.

5.1. Key and unique risks

5.1.1. Growth and profitability dependant on medical practitioners

Medical practitioners (especially GPs) are the main source of patient attendances and revenue to MMG's clinics. The success of MMG's business is heavily reliant on its ability to retain and recruit quality and experienced medical practitioners (especially GPs). There is a risk that GPs may cease to practice at MMG clinics due to a range of factors including competition, ageing of facilities or obsolescence of equipment or not wanting to be part of a listed organisation.

Furthermore, whilst MMG manages the day to day running and operations of the MMG clinics, MMG relies on its contracted medical practitioners to provide a fulfilling and sincere service to the local demographic surrounding the respective MMG clinics. The ability of the medical practitioners to continue to build rapport with the local communities will be instrumental in the continued growth and profitability of the MMG clinics.

If MMG is unable to retain nor recruit experienced medical practitioners who are able to effectively engage with the local communities, this may adversely affect MMG's reputation in the community and lead to a depression in its revenue figures, and the overall profitability of the MMG business.

5.1.2. Changes to key agreements with medical practitioners and tenants

There is a risk that any one of or all of the MMG clinics will be unable to maintain or renew key agreements with the GPs and other medical professionals that they currently have in place. Any adverse changes to its commercial relationships with the customers would materially affect its financial position and prospects. Furthermore, if at least 60% of GPs do not novate or enter into new agreements with the Sale Vendors, there is a risk that the Proposed Transaction will be unable to complete.

Section Five Risks

5.1.3. General operational risks of the MMG business

MMG's current and future operation of its business may be affected by a range of factors including, but not limited to:

- regulatory factors and increased corporate governance issues associated with being operated by a listed company;
- fluctuations in revenue generated from its GPs;
- seasonal factors which may affect influx of patients and general wellbeing of the local communities;
- MMG's success in retaining and recruiting experienced medical practitioners to provide a high level of services and its clinics;
- ability to effectively manage supply logistics and hazardous waste management services;
- effectiveness of MMG's management information system;
- ability to maintain margins on services provided via its clinics;
- legislative requirements for the acquisition use, storage and disposal of certain medicines;
- ability to manage allied health and medical services clinics that provides a fulfilling service for patients and employees;
- the impact of competitive developments and MMG's response to those developments;
- ability to pre-empt and respond to disruptions to its operations or breaches of its data; and
- publicity about MMG clinics or its GPs, including negative publicity and/or complaints even if factually incorrect or based on isolated incidents.

The above is a general overview of the operational risks of the MMG business. Specific, more pronounced unique risks are further explored above and below.

5.1.4. Risks associated with continued expansion in new geographic markets or allied health services

As part of the Company's broader strategy, the Company plans to explore opportunities to invest or acquire further clinics in new geographic markets or allied health services. By doing so, the Company may be able to benefit from economies of scale and leverage the costs of being listed.

A risk exists that additional assets cannot be acquired given quality of available assets, price expectations of relevant vendors or ability to raise additional capital. Even if viable assets are identified and acquired, continued expansion in new geographic markets or allied health services may require significant financial investment to attract and retain medical practitioners and local patients, develop localised services and form relationships with suppliers and other requisite service providers. There is a risk that despite efforts from the Company, expansion efforts will fail which will adversely affect the growth and profitability of the Company's businesses in the AHM Industry.

5.1.5. Renewal of pathology contracts

It is common practice for pathology providers to pay high rents for co-located collection centres within medical clinics in order to provide convenient access to patients who require pathology testing. MMG has pathology collection sites set up in all 6 of its clinics, with pathology rental income accounting for approximately 6.6% of total revenue at MMCS and MMBN in FY15 based on unaudited management accounts.

The Company understands that the benchmarking process for 'market' rent paid by pathology providers is overly complex given the number of factors that impact the convenience of co-location for pathology providers. There is a risk that changes in regulations or enforcement of a 'defined' market rate rent of pathology leases may adversely impact MMG's financial performance and position in the future.

5.1.6. Concentration of ownership within MMG Vendors

In the event that the Proposed Transaction completes, the MMG Vendors will collectively hold approximately between 22.2% (maximum of \$6m raised under this Prospectus, fully diluted) and 28.7% (minimum of \$4m raised under this Prospectus, undiluted) of the Company's issued capital. Furthermore, in the event that the Earn-Out Payment is made to the MMG Vendors (50% which will be in the form of Earn-Out Shares), the percentage of ownership within the MMG Vendors will increase even further. Therefore, there will be a concentration of the ownership of the Company among the

MMG Vendors. This may allow the MMG Vendors to exert significant influence over matters relating to the Company, including the election of future Directors or the approval of future transactions involving the Company. Also, given the size of the Shareholdings, there may be an impact on the liquidity of the Company's Securities. However, following completion of the Proposed Transaction, the MMG Vendors (or their nominees) will no longer be associates for the purpose of Chapter 6 of the Corporations Act. Therefore, this risk should not be taken as a representation that the MMG Vendors (or their nominees) will act in concert with one another, likely exercise their voting rights as Shareholders in the same manner or that the MMG Vendors (or their nominees) as a whole are associated parties, post-completion of the Proposed Transaction.

5.1.7. Loss of key personnel

The responsibility of overseeing the day to day operations and the strategic management of the Company is substantially dependent upon its management and its key personnel. A corporate management team will enter into a management agreement with the the Company to continue to operate the clinics acquired and option clinics remaining with MMG Vendors, and certain key personnel will be joining the New Board of the Company. New Directors will include Dr Cameron, who has extensive experience in the GP medical services industry and has been instrumental in driving MMG's strategy to date. Whilst these key personnel will be entering into service agreements with the Company (wherever applicable), there can be no assurance given that there will no detrimental impact on the Company if one or a number of these key personnel cease their employment or involvement with the Company. The future success of the Company also depends upon its continuing ability to attract and retain highly qualified personnel. The ability to attract and retain the necessary personnel could have a material effect upon the Company's business, results of operations and financial condition.

5.1.8. Threat of medical indemnity claims

Operators in the AHM Industry, such as MMG, face the threat of medical indemnity claims and litigation. In the normal course of business, patients may commence litigation for medical negligence against the medical practitioners contracted by the MMG clinics. Subject to arrangements of indemnity insurance and the outcome, any litigation against the medical practitioners may potentially impact MMG's reputation, which may in turn, impact its financial performance.

5.2. Industry specific risks

5.2.1. Change in government policy and regulation

MMG operates within the AHM Industry which is subject to a range of laws, regulations and government policies relating to, among other things, government funding, operations conduct and facilities licensing. As set out in Section 2.4.1 of this Prospectus, a shift in government funding may be of future benefit to the AHM Industry. Accordingly, a change in government policy or regulation as a result of budget deficits, political shifts, economic conditions or any other reasons outside of the Company's control, may have a material adverse impact on MMG's future operational and financial performance.

Risks associated with changes in government policies and regulations in relation to MMG's businesses include:

- Changes to the Medicare regime, including any reductions of Medicare rebates for GP services;
- Changes to government incentive programs, including any related to GP services and medical clinics; and
- Changes to the licensing systems of medical clinics.

On 15 December 2015, the Federal Government released its Mid-Year Economic and Fiscal Outlook which identified \$650.4 million of savings over the next for years from reducing or removing bulk-billing incentive payments for certain pathology and imaging tests. The potential impact of these cuts is that patients may face higher costs to access these services, making them less accessible.

The Federal Government in its 2014-15 Budget also proposed a number of changes to the Medical Benefits Schedule (MBS). Some of these proposed changes have since been dropped. However, it is useful to consider these proposed changes in the table below, as they highlight how changes in government policy and regulation can affect the AHM Industry in a number of different ways.

Section Five

Risks

Table: Potential impacts on GP services by possible changes to Medicare (2014-15 Federal Budget)

	\$7 mandatory patient co-payments	\$5 reduced rebate	2-year freeze on MBS indexation
Description	<ul style="list-style-type: none"> A fixed amount of fee payable at \$7 by the patient for every GP service session 	<ul style="list-style-type: none"> Reduced rebates by \$5 for GP services Introduction of 10-minute minimum consultation threshold for Level-B Surgery Consultation, which is the most common GP service category 	<ul style="list-style-type: none"> Freezes the annual indexation realignment of MBS Subjects GP businesses to inflation risks including bills and rents
Potential impact	<ul style="list-style-type: none"> Cost shifted from Medicare funding to consumer's out of pocket payments Total payments to GPs unaffected Demand might reduce as consumers are unwilling to spend 	<ul style="list-style-type: none"> Reduced payment to GPs Lower patient turnover rate Demand might reduce if GPs shift costs towards consumers 	<ul style="list-style-type: none"> Reduced GP's revenue overtime due to inflation Demand might reduce if GPs shift costs towards consumers
Outcome	<ul style="list-style-type: none"> Dropped 	<ul style="list-style-type: none"> Dropped 	<ul style="list-style-type: none"> Extended to 4-years starting 1-July 2014 to July 2018

5.2.2. Macroeconomic risks

As set out in the Section 2.3 of this Prospectus, current macroeconomic factors are consistent with the broader health sector. A range of long-term social and demographic trends suggests that the AHM Industry may benefit from a growing and ageing population and increased incidence of chronic diseases. However, as with all trends, there is no guarantee that the trends will continue into the future. Furthermore, even if the trends were found to be accurate, there is no guarantee that this will lead to increased profitability for businesses in the AHM Industry. There is also a risk that macroeconomic factors will shift in the future, in tangents and extents that cannot be predicted, which may have a material adverse impact on MMG's future operational and financial performance.

5.3. General risks

5.3.1. Increased competition

MMG's clinics compete with other allied health and medical services clinics in Australia. There is a risk that existing competitors or new entrants to the market which could cut into MMG's current market share. The level of risk will vary depending on the quality of the competitor, as some competitors may have longer operating histories, greater resources, better facilities, better name recognition and relationships with a great number of experienced medical practitioners and professional service providers. In addition, the risk is likely to be elevated in instances where new entrants open premises in close proximity to existing MMG clinics. Increased competition and MMG's ability to address these challenges will affect MMG's future growth and profitability. There is a risk that MMG will be unable to compete successfully, which would adversely affect its financial performance.

5.3.2. Relationship with employees

MMG's business is dependent on the quality of its nursing, administrative and support services staffs to attract GPs as well as patients. There is a risk that MMG may not be able to maintain or expand an appropriately trained workforce that is capable of meeting existing or future needs, which may arise due to:

- Overwhelming increase in wages;
- General industry shortage of staff in key areas such as nurses; this may lead to increased bargaining power and lead to upward pressure on wages; and
- Competition from other medical centres offering higher wages or more benefits.

Any changes in wages or employee demands may adversely impact the financial and operational performance of MMG.

5.3.3. Economic risks

The operating and financial performance of the Company is influenced by a range of general domestic and global economic conditions including inflation, interest rates, exchange rates and government fiscal, monetary and regulatory policies, all which are beyond the control of the Company. A prolonged deterioration in any of the factors may materially affect the financial position, share price and growth prospects of the Company.

5.3.4. Force majeure events

There is a risk that events occurring within or outside Australia that could impact the world economy, the operations of the Company and prices of its Shares. These events include acts of terrorism, war, civil disturbance, natural disasters. The Company have limited insurance against some of these risks.

5.3.5. Future capital needs

In the event that further funding is required to advance the business objectives of the Company, there is no guarantee that additional funding will be available to the Company, which may materially affect the its growth prospects.

Further funding may be required to advance the business objectives of MMG, particularly if the MMG Options are exercised in the future. There can be no assurance that alternative funding will be available on satisfactory terms or at all. Any inability to obtain funding will adversely affect the financial condition of the Company and consequently, the value of its Shares.

5.3.6. Liquidity and realisation risks

There can be no guarantee that the Company's Shares will be actively traded in the stock market and the price will increase. Additionally, there may be an imbalance of buyers and sellers of the Company's Shares in the stock market at any given time, which may increase not only the volatility of the Share's market price but also the prevailing market price at which Shareholders are able to sell their Shares. The result may be Shareholders not receiving a market price for their Shares and is less than the price paid for their Shares.

5.3.7. Insurance risks

The Company intends to adequately insure its operations in accordance with industry practice. However, in certain circumstances, the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company. Insurance of all risks associated with business operations is not always available and where available the costs can be prohibitive.

5.3.8. Share market conditions

The market price of securities can fall and may be subject to varied and unpredictable influences on the market for equities. Potential Applicants should be aware that there are risks associated with any securities investment. Securities listed on the stock market have experienced extreme price and volume fluctuations that have often been unrelated to the operating performances of such companies. These factors may materially affect the market price of the Securities regardless of the Company's performance. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

5.3.9. Accounting standards

Any variation in accounting standards or the application and interpretation may have an adverse impact on the Company's financial position.

5.3.10. Taxation reform

Any changes to the current company tax rates in Australia may adversely impact the financial performance and financial position of the company which may in turn affect Shareholders returns.

Section Five Risks

5.3.11. Other acquisitions and investments

The Company may look to acquire other investments and assets in the future, details of which are not known as at the date of this Prospectus. Those acquisitions and investments will generally carry their own set of unique risks, even if the acquisition operated in a similar undertaking to MMG. Acquisitions and investments may require the Company to spend a substantial portion of its available cash, incur debt or other liabilities or incur write-offs of goodwill or other assets. In addition, integrating an acquired business or investment (if applicable) is risky and may not be successfully implemented by the Company.

5.4. Investment speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company and MMG, its subsidiaries or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the New Shares offered under this Prospectus.

Therefore, the New Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

Potential Applicants should consider that the investment in the Company is speculative and should consult their professional advisors before deciding whether to apply for Shares pursuant to this Prospectus.

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Section Six

Corporate Overview, Key Individuals, Interests and Benefits

Section Six

Corporate Overview, Key Individuals, Interests and Benefits

6.1. Board of Directors

6.1.1. Current Director Profiles

Details of the Directors in office at the date of this Prospectus are as follows:

Table 8: Current Directors' experience and background summary

Experience and background

<p>SHANE TANNER Chairman and Non-Executive Director (continuing post completion of Proposed Transaction as Executive Chairman)</p>	<p>Mr Shane Francis Tanner FCPA, has been appointed as Non-Executive Chairman of the Board of BGD Corporation Ltd, with effect from 25 November 2014. Mr Tanner has extensive commercial and financial experience in a number of industries, including health. Presently he is the Chairman of Paragon Care, Non-Executive Director of Jayex Healthcare Limited and Chairman of Funtastic Limited. During the past three years he has also served as a Chairman of Vision Eye Institute (Appointed December 2001 to November 2015).</p>
<p>JONATHAN LIM Executive Director (continuing post completion of Proposed Transaction)</p>	<p>Jonathan's background is in mergers and acquisitions, private equity and corporate finance. He is currently the Managing Director at Liverpool Partners, a boutique investment and advisory company located in Sydney. At Liverpool Partners, Jonathan led the recapitalisation of BGD and has established a strong track record in the healthcare sector (as both investor and adviser) including acting as a trusted adviser to a range of listed healthcare companies. Jonathan was also previously Investment Director at Arowana, an investment and private equity group where he was responsible for leading the investment team, originating and executing deals and investment management.</p>
<p>FALDI ISMAIL Non-Executive Director (resigning post completion of Proposed Transaction)</p>	<p>Mr Faldi Ismail is Non-Executive Director of BGD Corporation Ltd. Mr Ismail has significant experience working as a corporate adviser specialising in the restructure and recapitalisation of a wide range of ASX-listed companies. With many years of investment banking experience, his expertise covers a wide range of industry sectors. Mr Ismail is the founder and operator of Otsana Capital, a boutique advisory firm specialising in mergers & acquisitions, capital raisings and Initial Public Offerings (IPO's) and is currently a director of several ASX-Listed companies.</p>

6.1.2. Proposed Director Profiles

Details of the Proposed Directors (subject to completion of the Proposed Transaction) are set out below:

Table 9: Proposed Director experience and background summary

Experience and background

<p>SHANE TANNER Non-Executive Chairman</p>	<p>See table above for profile overview.</p>
<p>JONATHAN LIM Executive Director</p>	<p>See table above for profile overview.</p>
<p>TODD CAMERON Executive Director</p>	<p>Dr Todd Cameron is the co-founder of MMG. Todd is a Fellow of the Royal Australia College of General Practitioners and has practiced as a GP in the Western Suburbs of Melbourne for over 18 years. He is a VMA accredited GP Registrar supervisor and served as a Board member for five years for PivotWest the Local Division of General Practice and was sitting as a director and then Chair on the Board of the regional Medicare Local. Todd has an extensive track record as a local GP and establishing multi-disciplinary medical clinics. His commitment and passion for team building and systemising primary healthcare has serviced MMG well to date and will be valuable in growing BGD.</p>
<p>JEREMY KIRKWOOD Alternate Director to Dr Cameron</p>	<p>Jeremy has 26 years of investment banking experience, which includes tenures as Managing Director at Credit Suisse and Morgan Stanley. During this period, he also served as Chief of Staff to the Honourable Alan Stockdale, Treasurer of Victoria. Currently, he is the Principal of Pilot Advisory Group. Jeremy is also on the boards of and Chairman of both Independent Schools Victoria and Geelong Grammar School.</p>

Corporate Overview, Key Individuals, Interests and Benefits

6.2. Restricted securities

The Directors do not intend to seek quotation of Restricted Securities unless and until after the ASX grants approval to the Company. It is anticipated that the Company will maintain Chess Holder Records (including SRN) so that Restricted Securities can be entered into a separate Chess holding (including a holding lock) or other arrangement permitted by the ASX. The Company will implement escrow restrictions in respect of Restricted Securities in accordance with Chapters 9 of the ASX Listing Rules or will comply with such other arrangement approved by the ASX.

The ASX may classify certain existing Shares as being subject to the Restricted Securities provisions of the ASX Listing Rules. Those Shares will be required to be held in escrow for a period determined by the ASX.

Holders of Restricted Securities will be prohibited for the period determined by the ASX from:

- Disposing of, or agreeing to offer or dispose of, any of their Restricted Securities;
- Creating, or agreeing to offer to create, any security interest over any of their Restricted Securities; or
- Doing or omitting to do, any act if the act or omission would have the effect of transferring effective ownership or control of any of their Restricted Securities.

As part of the Company's re-instatement application to ASX, the Company will be making an escrow submission with respect to the Consideration Shares to be issued to the MMG Vendors. Therefore, as at the date of this Prospectus, it is not known with absolute certainty where these Shares will be Restricted Securities and subject to escrow restrictions.

Irrespective of whether the ASX imposes escrow, as part of the Proposed Transaction, the MMG Vendors have agreed to voluntarily escrow the Consideration shares for a period of 12 months, 18 months and 24 months. Details of the voluntary escrow agreements are outlined in Section 8.13 of this Prospectus.

Apart from the Consideration Shares subject to the voluntary escrow agreements as noted above, the New Shares offered under this Prospectus will be freely transferable from the date of their allotment.

6.3. Related party disclosures

As of the date of this Prospectus, the current and proposed Directors of the Board have relevant interests in the Company as outlined in Tables 10 and 11 below.

Table 10: Current and proposed relevant interests in the Securities of the Company (post-Consolidation)

Director	Shares	Options	% of BGD (Undiluted, \$4.0m raised under Offer) ^(a)	% of BGD (Fully diluted, \$4.0m raised under Offer) ^(b)	% of BGD (Undiluted, \$6.0m raised under Offer) ^(c)	% of BGD (Fully diluted, \$6.0m raised under Offer) ^(d)
SHANE TANNER ^(e)	2,564,102	833,333	0.88%	1.05%	0.75%	0.91%
JONATHAN LIM ^(f)	26,019,474	10,600,000	8.98%	11.33%	7.63%	9.78%
FALDI ISMAIL ^(g)	2,185,011	750,000	0.75%	0.91%	0.64%	0.78%
TODD CAMERON ^(h)	37,341,818	Nil	12.92%	11.59%	10.98%	10.00%
JEREMY KIRKWOOD ⁽ⁱ⁾	20,795,455	Nil	7.18%	6.44%	6.10%	5.55%
Total	88,995,860	12,183,333	30.71%	31.32%	26.10%	27.03%

Notes

- ^(a) Following completion of the Proposed Transaction, assuming that \$4.0m is raised under the Offer, following the issue of all Consideration Shares and undiluted. These percentages are based on a total sum of 289,750,479 Shares (post-Consolidation), which have been calculated as follows: 104,004,558 (estimate, existing number of Shares on issue) + 83,181,818 (Consideration Shares pursuant to the Proposed Transaction) + 102,564,103 (New Shares pursuant to the Offer under this Prospectus)

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Corporate Overview, Key Individuals, Interests and Benefits

- (b) Following completion of the Proposed Transaction, assuming that \$4.0m is raised under the Offer, following the issue of all Consideration Shares and fully diluted. These percentages are based on a total sum of 323,083,813 Shares (post-Consolidation), which have been calculated as follows: 104,004,558 (estimate, existing number of Shares on issue) + 83,181,818 (Consideration Shares pursuant to the Proposed Transaction) + 102,564,103 (New Shares pursuant to the Offer under this Prospectus) + 33,333,334 (estimate, existing number of Options on issue)
- (c) Following completion of the Proposed Transaction, assuming that \$6.0m is raised under the Offer, following the issue of all Consideration Shares and undiluted. These percentages are based on a total sum of 341,032,530 Shares (post-Consolidation), which have been calculated as follows: 104,004,558 (estimate, existing number of Shares on issue) + 83,181,818 (Consideration Shares pursuant to the Proposed Transaction) + 153,846,154 (New Shares pursuant to the Offer under this Prospectus)
- (d) Following completion of the Proposed Transaction, assuming that \$6.0m is raised under the Offer, following the issue of all Consideration Shares and fully diluted. These percentages are based on a total sum of 374,365,864 Shares (post-Consolidation), which have been calculated as follows: 104,004,558 (estimate, existing number of Shares on issue) + 83,181,818 (Consideration Shares pursuant to the Proposed Transaction) + 153,846,154 (New Shares pursuant to the Offer under this Prospectus) + 33,333,334 (estimate, existing number of Options on issue)
- (e) Subject to Shareholder approval at the EGM being obtained, Mr Tanner (or his nominee) will subscribe for up to 2,405,953 New Shares under the Offer. The balance of the Shares and Options are existing holdings held either in his own name, or under an entity associated with him, Tanner Superannuation Fund. All of the 833,333 Options vest when the 20 day VWAP of the Company's Shares is 6 cents or above, each of the Options are exercisable at 3 cents per Option, and expires on 8 September 2018.
- (f) Subject to Shareholder approval at the EGM being obtained, Mr Lim (or his nominee) will subscribe for up to 15,523,077 New Shares under the Offer. The balance of the Shares and Options are existing holdings held under entities associated with him, Liverpool Holdings Pty Ltd ATF The Lim Family Trust, and R Fowler Holdings Pty Ltd ATF F Fowler Acct. All of the 10,600,000 Options vest when the 20 day VWAP of the Company's Shares is 6 cents or above, each of the Options are exercisable at 3 cents per Option, and expires on 12 February 2018.
- Mr Lim is a Director of Liverpool Partners. Liverpool Partners is the corporate adviser to the Company and also, the underwriter to the General Offer (for the minimum subscription amount of \$4.0m). Therefore, Mr Lim, through Liverpool Partners will receive a benefit from completion of the Offer and the Proposed Transaction.
- (g) Shares and Options held by entities associated with Mr Ismail, Romfal Sifat Pty Ltd ATF The Fizmail Family A/C, and Benefico Pty Ltd. All of the 750,000 Options when the 20 day VWAP of the Company's Shares is 6 cents or above, each of the Options are exercisable at 3 cents per Option, and expires on 22 December 2017.
- (h) As part of the Proposed Transaction, subject to Shareholder approval at the EGM being obtained, 37,431,818 Consideration Shares will be issued to an entity associated with Dr Cameron, Torac Pty. Ltd.
- (i) As part of the Proposed Transaction, subject to Shareholder approval at the EGM being obtained, 20,795,455 Consideration Shares will be issued to an entity associated with Mr Kirkwood, Como Group Holdings Pty. Ltd.

Table 11: Current and proposed remuneration

Director	Current base remuneration (\$)	Proposed base remuneration (\$)
SHANE TANNER	\$36,000 per annum	\$36,000 per annum
JONATHAN LIM	\$30,000 per annum	\$30,000 per annum
FALDI ISMAIL	Up to \$72,000 per annum	To resign as a Director at completion of the Proposed Transaction
TODD CAMERON	Not a current Director	\$30,000 per annum
JEREMY KIRKWOOD	Not a current Director	Nil

Mr Lim is a Director of Liverpool Partners. Liverpool Partners is the corporate adviser to the Company and also, the underwriter to the General Offer (for the minimum subscription amount of \$4.0m). Therefore, Mr Lim, through Liverpool Partners will receive a benefit from completion of the Offer and the Proposed Transaction.

With respect to the incoming Directors, their proposed base remunerations will be higher than their remuneration at MMG (in their capacity as Directors of MMG). At present, Dr Cameron is paid nil by MMG (in his capacity as a Director) and Mr Kirkwood is paid nil by MMG (is presently on a Director of MMG).

Dr Cameron also receives revenue share in his capacity as a medical practitioner in the MMG clinics.

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Section Seven

Details of the Offer

Section Seven

Details of the Offer

7.1. Conditional Offer on post-Consolidated basis

Completion of the Offer is conditional upon:

- Shareholders of the Company approving all the Resolutions at the EGM;
- a minimum of \$4.0m being raised under the Offer (which is now underwritten);
- other than the issue of the New Shares under the Offer, the Company being in a position to complete the Proposed Transaction; and
- the ASX approving the Company's re-compliance with Chapters 1 and 2 of the Listing Rules.

Accordingly, this Prospectus has been prepared on the basis that the Consolidation (Resolution 1 of the NOM) has been completed by the Company.

In the event that the conditions above are not satisfied and/or waived, the Offer will not proceed and no New Shares will be issued under this Prospectus. If this occurs, all Application Monies received will be refunded (without interest) in accordance with the Corporations Act.

7.2. The Offer

Under this Prospectus, one share offer is being made by the Offer:

Table: The Offer

Type of offer	Description
General offer	For the offer of a minimum of 102,564,103 Shares at an issue price of 3.9 cents (\$0.039) per New Share to raise a minimum of \$4,000,000 and a maximum of up to 153,846,154 Shares at an issue price of 3.9 cents (\$0.039) per New Share to raise a maximum of \$6,000,000.

The purpose of the Offer is to provide an opportunity for investors to subscribe for new equity in the Company, and generally, to assist the Company to meet the re-instatement conditions under Chapters 1 and 2 of the Listing Rules (e.g. to achieve sufficient Shareholder spread). Furthermore, funds raised under the Offer will enable the Company to accelerate the continued growth of BGD and the Company's growth and acquisition strategy. A detailed breakdown of the Company's proposed use of funds is set out below in Section 7.3 of this Prospectus.

The minimum and maximum subscription under the Offer is \$4,000,000 and \$6,000,000, respectively.

All New Shares issued pursuant to the Offer will be fully paid ordinary shares and will rank equally in all respects with all other Shares on issue as at the date of this Prospectus.

7.3. Use of funds

Depending on the level of subscription achieved by the Company under the Offer, the Company intends to apply funds raised as follows:

Table 11: Use of funds

Description	Minimum amount raised under the Offer (\$4.0m)	Maximum amount raised under the Offer (\$6.0m)
Up Front Cash Consideration (part of Initial Payment) ^(a)	\$1,200,000	\$1,200,000
Retention Amount ^(a)	\$555,000	\$555,000
Options Consideration ^(a)	\$500,000	\$500,000
Expenses of the Offer ^(b)	\$752,120	\$854,120
Due diligence and transaction costs (legal costs)	\$155,000	\$155,000
Due diligence and transaction costs (other professional fees)	\$29,000	\$29,000
Marketing costs	\$5,000	\$5,000
Additional general working capital and funding for potential acquisitions ^(c)	\$803,880	\$2,701,880
Total	\$4,000,000	\$6,000,000

Notes

- ^(a) Pursuant to the terms of the Sale Deed. Full key terms of the Sale Deed are set out in Section 8.1 of this Prospectus.
- ^(b) Full breakdown of the expenses of the Offer is set out in Section 9.3 of this Prospectus.
- ^(c) MMG does not require the funds raised under this Prospectus to continue to fund its operations, and the funds raised are primarily being sought to assist the Company in complying with Chapters 1 and 2 of the Listing Rules. Accordingly, operational costs (employment, equipment, technology etc) will continue to be funded by MMG's existing and future cash flows, and is unlikely to be funded via the funds raised under the Offer.

7.4. Applications

Applications for New Shares under the Offer must be made using the Application Form attached to this Prospectus.

The Offer will be open to the public, which will include institutional, sophisticated and retail investors. Applications for Shares under the Offer must be for a minimum of 51,283 Shares (value of at least \$2,000.04) each.

7.5. Underwriter

The minimum subscription under the Offer (\$4.0m) is underwritten by Liverpool Partners.

Mr Lim is a Director of Liverpool Partners. In addition to being the underwriter, Liverpool Partners is also the corporate adviser to the Company. Therefore, Mr Lim, through Liverpool Partners will receive a benefit from completion of the Offer and the Proposed Transaction.

Terms of the underwriting agreement is set out in Section 8.9 of this Prospectus.

7.6. Lead manager

There is no lead manager to the Offer.

Section Seven

Details of the Offer

7.7. Capital structure (Post-Consolidation)

In the event that the Proposed Transaction completes, the Company will have the following capital structure, depending on the subscription levels under the Offer.

Table 12: Proposed Share Capital Structure (minimum and maximum subscription raised, undiluted)

Capital Structure	Shares
Post-Consolidation of existing issued capital	104,004,558
Issue of Consideration Shares to MMG Vendors	83,181,818
New Shares Offer raising \$4m	102,564,103
Total number of Shares on issue (\$4m Capital Raising)	289,750,479
New Shares Offer raising \$6m	153,846,154
Total number of Shares on issue (\$6m Capital Raising)	341,032,530

The Company will not be issuing any Options as part of the Proposed Transaction or under the Offer. Accordingly, the Options register of the Company will remain unchanged, albeit on a post-Consolidated basis, as follows:

Table 13: Options

Option terms	Number of Options	% of Total
Vests when the 20 day VWAP of the Company's Shares is 6 cents or above, each exercisable at 3 cents per Option, expires on 22 December 2018	16,666,667	50
Vests when the 20 day VWAP of the Company's Shares is 6 cents or above, each exercisable at 3 cents per Option, expires on 13 February 2018	15,000,000	45
Vests when the 20 day VWAP of the Company's Shares is 6 cents or above, each exercisable at 3 cents per Option, expires on 8 September 2018	1,666,667	5
Total	33,333,334	100%

7.8. Opening and Closing Dates

The proposed Opening Date for acceptance of the Offer (which is conditional upon a number of conditions as set out in Section 7.1 above, which includes Shareholders of the Company approving all Resolutions at the EGM scheduled to take place on 7 January 2016) is 23 December 2015.

The proposed Closing Date for acceptance of the Offer is 5pm (AEDT) on 19 January 2016.

The Board reserves the right at any time and from time to time to change the Opening Date and Closing Date, without providing any notice.

The Board also reserves the right at any time to raise less than the amounts stipulated under this Prospectus.

Section Seven Details of the Offer

7.9. How to accept the Offer

If you wish to participate in the Offer, you must:

- (a) Complete the Application Form accompanying this Prospectus. The Application Form attached to this Prospectus contains detailed instructions on how the form for the Offer can be completed.
- (b) Pay the applicable Application Monies by cheque (if applicable), in Australian dollars, crossed 'not negotiable' and made payable to 'BGD Corporation Limited' or by electronic funds transfer to the Company's nominated bank account. Do not forward cash or money orders. Receipts for payment will not be issued.

Completed Offer Application Form, and accompanying payment of the applicable Application Monies must be received by the Company before 5pm (AEDT) on the applicable Closing Date at the following address:

BGD Corporation Limited
Level 2, Suite 202
50 Clarence Street
Sydney NSW 2000

The Company's nominated bank account details are as follows:

Bank: Commonwealth Bank of Australia
Account Name: Liverpool Partners Pty Ltd (BGD trust account)
BSB: 062 162
Account Number: 1018 4533

Applicants are encouraged to lodge their Application Form as soon as possible as the Offer may close early without notice.

An original, completed and lodged Application Form, together with a cheque or electronic funds transfer for the Application Monies (if applicable), constitutes a binding and irrevocable offer to subscribe for the number of New Shares specified in each Application Form. The Application Form does not need to be signed to be valid. If the Application Form is not completed correctly, or if the accompanying payment is for the wrong amount, it may be treated by the Company as valid. The Directors' decision as to whether to treat such an Application as valid and how to construe, amend or complete the Application Form is final; however an Applicant will not be treated as having applied for more Shares than is indicated by the amount of the cheque.

The Company reserves the right to reject any Application or to allocate any Applicant fewer New Shares than the number applied for under this Prospectus. As a way of an example, the Company may allocate an Applicant fewer Shares than applied for under this Prospectus if the amount applied for impedes the Company's ability to re-comply with Chapters 1 and 2 of the Listing Rules.

Application Monies (if applicable) will be held in trust on behalf of Applicants until the New Shares offered under this Prospectus are issued. The banking of Application Monies in a trust account does not constitute acceptance of your Application. If any Application is rejected in whole or in part, the relevant Application Monies will be repaid to the unsuccessful Applicant within the time period set out under the Corporations Act, without interest. For the avoidance of doubt, all interest earned on Application Monies (including those which do not result in allotment of Shares) will be retained by the Company.

No brokerage, stamp duty or other costs are payable by Applicants in respect of an Application for New Shares under this Prospectus.

7.10. Listing and quotation of the Shares

The Company will, within 7 days after the date of this Prospectus, apply for the Shares issued under this Prospectus to be quoted on the ASX.

If the application is not made within 7 days after the date of this Prospectus, or if the Shares offered under this Prospectus are not granted quotation within 3 months after the date of this Prospectus, the Company shall deal with Applications in accordance with the requirements of the Corporations Act. The fact that the ASX may grant quotation of the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares.

Section Seven

Details of the Offer

7.11. Allotment of the Shares

For Potential Applicants whose Applications are accepted by the Company, in whole or in part, the Company will issue Shares and despatch either a CHESS statement or an issuer sponsored holding statement (whichever applicable) to the Applicants as soon as practicable after the applicable Closing Date together with any excess Application Monies (if applicable). However, no Securities may be issued pursuant to this Prospectus until all the conditions referred to in Section 7.1 of this Prospectus is satisfied and/or waived.

It is the responsibility of all Applicants to determine their allocation prior to trading in the Shares. Applicants who sell any of the Shares of the Company before receiving their holding statements do so at their own risk.

7.12. Brokerage fees

Brokerage fees of approximately 5% (plus GST) (based on the capital raising achieved as a whole) may be paid by the Company for funds raised under the Offer.

7.13. Overseas Applicants

This Prospectus does not constitute an offer or invitation:

- (a) in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Prospectus;
- (b) to any person to whom it would not be lawful to make such an offer or invitation.

No action has been taken to register or qualify the Shares, or the Offer, or otherwise to permit the public offering of the Shares, in any jurisdiction outside Australia or New Zealand.

The distribution of this Prospectus within jurisdictions outside Australia or New Zealand may be restricted by law and persons into whose possession this Prospectus comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of those laws. It is the responsibility of any Overseas Applicant to ensure compliance with all laws of any country relevant to their Application and to obtain all necessary approvals so that they may legally subscribe for (and be issued) Securities pursuant to the Offer.

The return of a duly completed Application Form will be taken by the Company to constitute a representation and warranty that there has been no breach of any law, that all necessary approvals and consents have been obtained and that the Company may legally issue Securities to the Applicant pursuant to this Prospectus.

Overseas Applicants should consult with their professional advisers as to whether any formalities need to be observed (either by themselves or the Company) to enable them to subscribe for the Securities being offered pursuant to this Prospectus.

7.14. Taxation

The taxation consequences of any investment in the Shares will depend upon each Applicant's particular circumstances. It is the responsibility of all Applicants to satisfy themselves of the particular taxation consequences of an investment in the Company and participation in the Offer under this Prospectus.

The Directors do not consider that it is appropriate to give advice regarding taxation matters and consequences of applying for Securities under this Prospectus, as it is not possible to provide a comprehensive summary of all the possible taxation positions of those interested.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability or responsibility with respect to any taxation consequences to Potential Applicants, existing investors and any other person that considers the Offer in this Prospectus.

7.15. Right to withdraw the Offer

The Company reserves the right not to proceed with the Offer at any time prior to the allotment of Shares to Applicants.

If the Offer does not proceed, Application Monies will be refunded by cheque (if applicable). No interest will be paid on any Application Monies refunded as a result of the withdrawal of the Offer.

7.16. Privacy statement

Potential Applicants are informed that by completing an Application Form, you will be providing personal information to the Company. The Company, and the Share Registry on its behalf, collects, holds and will use that information to assess your Application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

Your personal information may also be used from time to time to inform you about other products and services offered by the Company, which it considers may be of interest to you. Your personal information may also be provided to the Company's agents and service providers on the basis that they deal with such information in accordance with the Company's privacy policy. The types of agents and service providers that may be provided with your personal information and the circumstances in which your personal information may be shared are: persons inspecting the register, including bidders for your Securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Share Registry.

You can access, correct and update the personal information that we hold about you. If you wish to do so, please contact the Share Registry at the relevant contact number as set out in this Prospectus.

Please note that if you do not wish to provide the information required on the Application, the Company may not be able to accept or process your Application.

7.17. Enquiries in relation to the Offer

This Prospectus is an important document that Applicants should read in its entirety and consult with their professional advisors for legal, business, financial, tax and any other relevant advice before deciding whether or not to apply for Shares under the Offer.

Any enquiries in relation to the Offer can be directed Heath Roberts, Company Secretary on +61 419 473 925.

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Section Eight
Material Contracts

The Company and/or MMG have entered into (or proposes to enter into) various agreements (collectively, **Material Contracts**) that the Directors regard as being material and required to be disclosed or as being sufficient interest to Potential Applicants to justify disclosure in this Prospectus.

A person or entity subscribing for New Shares offered by this Prospectus will be deemed to have acknowledged that the Company and/or MMG are bound by each of their Material Contracts. Particulars of the Material Contracts follow to the extent that adequate disclosure is not set out elsewhere in this Prospectus.

Subject to confidentiality clauses, copies of the Material Contracts or parts thereof as deemed appropriate by the Company will be made available for inspection at the registered office of the Company for a period of 6 months after the date of this Prospectus.

8.1. MMG Sale Deed

8.1.1. General

The Sale Deed sets out the terms on which BGD Medical Centres Pty Ltd (ACN 608 964 049) (**BGDMC**), a wholly owned subsidiary of the Company, has agreed to purchase the whole of the business (**Sale Businesses**) and assets (**Sale Assets**) of the Initial Clinics from Modern Medical Pty Ltd (ACN 104 762 272) (**MMPL**) as trustee for the Modern Medical Administration Trust (ABN 69 466 866 957) (**MMAT**), the Modern Medical Balwyn Unit Trust (ABN 63 288 108 673), the Modern Medical Caroline Springs Unit Trust (ABN 74 423 684 076), Caroline Springs Specialist Centre Pty Ltd (ACN 138 468 729) (**CSSCPL**) as trustee for the Caroline Springs Specialist Centre Unit Trust (ABN 65 296 310 343) and Modern Medical Group Pty Ltd (ACN 608 962 241) (**MMGPL**). Together, MMPL, CSSCPL and MMGPL are the **Sale Vendors** for the purposes of the Sale Deed and the Proposed Transaction.

The Sale Deed also contemplates the parties entering into a separate agreement (the **Option Deed**) granting put and call MMG Options in favour of BGDMC (or its nominee) and the Sale Vendors (or their nominee) respectively to acquire the Remaining Clinics. Summary of the terms of the Option Deed is set out below in Section 8.2 of this Prospectus.

Under the Sale Deed, the Company is guarantor for BGDMC's obligations, and Dr Todd Cameron, Mr Jeremy Kirkwood and Mr Jarrod Schulz (together, the **Vendor Guarantors**) are guarantors for the Sale Vendors' obligations.

A period of exclusivity applies under the Sale Deed from the date of the deed until completion.

8.1.2. Details of Sale Businesses and Sale Assets

Sale Businesses refers to the businesses carried out by the Initial Clinics. Further details of MMCS and MMBN are set out in Section 3.7 of this Prospectus.

Sale Assets refers to all of the assets used or required to operate all the Sale Businesses other than the businesses of the Remaining Clinics, which includes intellectual property, business records, goodwill, and all of the assets of each of the trusts referred to above.

BGDMC will be assigned the agreements, quotes or offers in respect of the Sale Businesses to which any of the Sale Vendors is a party that are wholly or partly to be performed after completion including all contracts relating to the Assumed Liabilities, but excluding contracts with respect to the employees or contracts of insurance.

MMG leases premises to operate its clinics. Accordingly, the assigned agreements will include the existing leases and subleases for the premises in which the Initial Clinics currently operate. The lease for the MMCS premises is due to expire on 31 August 2024 (with an option for 3 further terms of 5 years each) and the lease for the MMBN premises is due to expire on 12 July 2019 (with an option for 2 further terms of 5 years each).

8.1.3. Consideration

In consideration for the sale of the Sale Business and Sale Assets, BGDMC will:

(a) pay the Initial Payment, which will comprise of:

- (i) \$1,755,000 (**Up Front Cash Consideration**), subject to adjustment, to the Sale Vendors at completion, of which \$555,000 (**Retention Amount**) will be held in escrow by an escrow agent until adjustment is made; and
- (ii) \$2,745,000 in fully paid ordinary shares in the Company (**Consideration Shares**) to the Sale Vendors or their nominees at an issue price determined by BGDMC, being 0.6 cents (on a post-Consolidation basis) less than the issue price of the New Shares to be issued under this Prospectus;
- (b) make payments under the Option Deed;
- (c) assume liabilities of the Sale Businesses to pay various amounts payable to doctors and employees of the Sale Businesses, rent, creditor liabilities over 30 days, chattel mortgages, and statutory employee leave and superannuation entitlements in the aggregate amount of \$555,000 (**Assumed Liabilities**); and
- (d) pay or issue an Earn-Out Payment (**Earn-Out Payment**) to the Sale Vendors, 50% in cash and 50% in Shares in the Company (**Earn-Out Shares**), calculated by reference to the Maintainable EBIT (defined below) of the Sale Businesses for the calendar year ending 31 December 2016 (**CY16**) in accordance with the table below (calculated on a pro rata basis):

Table 14: Calculation of Earn-Out Payment

CY16 EBIT Range		Earn-Out Payment Range	
-	894,109	-	-
894,110	1,094,110	417,605	1,517,605
1,094,111	1,294,111	1,517,611	2,617,611
1,294,112	1,494,112	2,617,616	3,717,616
1,494,113	1,694,113	3,717,622	4,817,622
1,694,114	1,894,114	4,817,627	5,917,627
1,894,115	2,094,115	5,917,633	7,017,633
2,094,116	2,294,116	7,017,638	8,117,638
2,294,117	2,494,117	8,117,644	9,217,644
2,494,118	2,694,118	9,217,649	10,317,649
2,694,119	2,894,119	10,317,655	11,417,655
2,894,120	3,094,120	11,417,660	12,517,660

Based on the table above, an Earn-Out Payment will be paid in the instance that the EBIT for CY16 is greater than \$894,109. In the instance that the EBIT for CY16 is less than \$894,810, no Earn-Out Payment will be paid.

The Earn-Out Payment is calculated pro-rata from the base amount of \$894,810 in accordance with the table above. For example:

- if CY16 EBIT = \$894,110, the Earn-Out Payment paid will be \$417,605 (the bottom of the first Earn-Out Payment range);
- if CY16 EBIT = \$1,094,110, the Earn-Out Payment paid will be \$1,517,605 (the top of the first Earn-Out Payment range); and
- if CY16 EBIT = \$994,110, the Earn-Out Payment paid will be \$967,605 (the mid-point of the first Earn-Out Payment range).

This process can be applied to all the above ranges as identified in the table, and accordingly provides a clear indication as to the potential Earn-Out Payment (if any).

Where BGDMC ceases to operate the Sale Businesses in substantially the same manner as prior to completion, the Maintainable EBIT will be calculated on a run rate basis for the three month period preceding any closure of or substantial change to the Sale Businesses.

The issue price of the Earn-Out Shares is to be calculated by reference to the volume weighted average price (**VWAP**) of Shares for the 40 trading day period ending on the trading day immediately prior to 31 March 2017 (the **Earn-Out Issue Price**).

If BGD fails to pay the cash component of the Earn-Out Payment within 60 days of it being calculated, the Sale Vendors may elect to receive the value of the cash component in Shares, to be issued at a discount of 30% to the Earn-Out Issue Price.

Shareholder approval for the issue of the Earn-Out Shares will be sought at the time of issue. In the event that Shareholder approval is not obtained, the parties will negotiate in good faith as to the form of the Earn-Out Payment.

Maintainable EBIT means earnings before interest and tax, adjusted to remove non-recurring, abnormal or extraordinary revenue or expense items or to reflect increased operational cost, including but not limited to items derived outside the true operational activities of the Sale Businesses, related party transactions, effects of variation between prior and existing executive contracts, and revenue received in a prior accounting period but reflected as income in the current accounting period, calculated on an accruals basis in accordance with International Financial Reporting Standards, including specified items set out in the Sale Deed.

8.1.4. MMG Options

It is a condition precedent to completion under the Sale Deed that the parties enter into the Option Deed on commercial terms substantially the same as terms of the Sale Deed at an option fee, payable as a mixture of cash and shares. Summary of the terms of the Option Deed is set out in Section 3.7 of this Prospectus.

8.1.5. Conditions precedent

Completion under the Sale Deed is subject to a number of conditions precedent being satisfied or waived. The key conditions precedent still to be satisfied or waived (as of the date of this Prospectus) include:

- (a) completion occurring by no later than 30 April 2016;
- (b) all of the assets of MMAT being rolled up into MMGPL;
- (c) the total quantum of the Assumed Liabilities, other than specified chattel mortgages, not exceeding the retention amount of \$555,000 as at the Completion Date (meaning the later of 31 December 2015 and the last day of any other calendar month that falls 5 business days after notice has been served that all conditions precedent have been satisfied or waived, or any other agreed date on which completion is to occur);
- (d) the employees of MMAT entering into employment contracts with BGD on terms approved by BGD, which shall be terms no worse than their current employment with MMAT;
- (e) at least 60% of the general practitioner doctors in the Sale Businesses novating or entering into new agreements with the MMG Vendors;
- (f) the lessor of the premises of MMCS, CSSC and MMBN consenting to the assignment of the leases for those premises without the requirement for BGD's directors to give personal guarantees, provided that the Company offers to provide a guarantee;
- (g) assignment of the benefit of each contract pertaining to any of the Assumed Liabilities;
- (h) no material adverse change occurring, or becoming known to BGD, between the date of the Sale Deed and the Completion Date;
- (i) the appointment of Mr Todd Cameron to the Board of BGD on the Completion Date;
- (j) the appointment of Mr Jeremy Kirkwood to the Board of BGD, as an alternate to Mr Todd Cameron on the Completion Date;
- (k) as at completion, BGD having a net cash position equal to \$1 million (excluding liabilities associated with the transactions contemplated in the Sale Deed);
- (l) BGD obtaining shareholder approval for all matters required to effect completion and which requires shareholder approval under the Corporations Act, the ASX Listing Rules or the Purchaser's constitution including:

- (i) the capital raising under this Prospectus;
- (ii) the purchase of all the Sale Businesses and Sale Assets; and
- (iii) the issue of the Consideration Shares to the MMG Vendors (or their nominees);

and, with respect to any related party approval required for the issue of the Consideration Shares, provided that one month has not elapsed since the gaining of such shareholder approval (unless an ASX waiver has been obtained providing for an extension of this period);

- (m) BGD receiving written confirmation from ASX that it will have re-complied with Chapters 1 and 2 of the Listing Rules and that its Shares will be re-admitted to quotation on the ASX at completion;
- (n) BGD reasonably forming the view that any condition required to be fulfilled by the ASX as provided in any conditional approval under condition (p) is able to be satisfied by BGD; and
- (o) the Company obtaining all other necessary regulatory approvals for the transaction or any aspect of the transaction as required by ASX and ASIC.

In addition, BGD's completion obligations are conditional upon Mr Todd Cameron remaining in the Sale Businesses as a GP or in a management capacity until 31 March 2017 (except where any departure is caused by death or inability to work as a GP), and the Sale Vendors are only obliged to perform their completion obligations if Shane Tanner remains Chairman of the Board of Directors of the Company, unless waived by the Sale Vendors.

8.1.6. Warranties and indemnities

The Sale Deed is subject to a number of warranties and indemnities, provided by the Sale Vendors and Vendor Guarantors to BGD, and from BGD and the Company to the Sale Vendors, respectively. These are standard and normal for a transaction of this nature and include warranties as to organisation, standing and power, capital structure, authority, execution and delivery, enforceability, adequacy of vendor disclosure, regulatory compliance, encumbrances, insolvency, no inducements, no litigation, preparation of accounts, indebtedness and loans, ownership and condition of assets, suppliers and customers, contracts and commitments, intellectual property rights, insurance, tax and stamp duty, sale as a going concern, validity and consent to assignment of real property rights, covenants and restrictions, employment related matters and material contracts. The Sale Vendors and each Vendor Guarantor jointly and severally indemnify BGD in respect of any loss arising from a breach of a Sale Vendor warranty, and BGD and the Company indemnify the Sale Vendors in respect of any loss arising from a breach of a Purchaser Warranty. The indemnities are limited to claims that separately or together with similar or related claims exceed \$25,000 and the Sale Vendors' and Vendor Guarantor's liability for breach of warranty is limited in aggregate to the amount of the Up Front Cash Consideration, Consideration Shares, Assumed Liabilities and Earn-Out Payment.

BGD also indemnifies the Sale Vendors for any claims in respect of the Assumed Liabilities and the chattel mortgages, and for any loss suffered or incurred for leave benefits due to or accrued by any transferring employee. The Sale Vendors indemnify BGD for any loss suffered or incurred in relation to any liabilities of the Sale Vendors in relation to the Sale Businesses other than the Assumed Liabilities. There also various indemnities given by BGD in relation to assignment or novation of contracts under the Sale Deed.

8.1.7. Escrow

All Consideration Shares will be voluntarily escrowed as follows:

- (a) All escrowed for 12 months from the date of issue;
- (b) Two thirds escrowed for 18 months from the date of issue; and
- (c) One third escrowed for 24 months from the date of issue.

In the event that any escrow requirements imposed by the ASX are more restrictive than the time frames stipulated above, the MMG Vendors (or their nominees) has agreed to be bound by the ASX imposed escrow requirements.

8.1.8. MMAT management services

MMAT has historically provided management services to the Sale Businesses and the Remaining Businesses. Under the Sale Deed, and also pursuant to a separate management services agreement (the Management Services Agreement), BGDMC will continue to provide management services to the Remaining Business until the expiration of each Option Term on the terms set out in a separate agreement to be agreed between the MMG Vendors and BGDMC as a condition precedent under the Sale Deed. A summary of the Management Services Agreement is set out in Section 8.3 of this Prospectus.

Conduct prior to, and following, completion

The Sale Vendors have agreed to standard terms under the Sale Deed in relation to the conduct of the Sale Businesses until completion, including conducting the Sale Business in the ordinary course and consistent with past practice, not altering, terminating or entering into new service offerings or material commitments or obligations (including with respect to encumbrances, assets, indebtedness and financial accommodation, legal proceedings, business or asset acquisitions or disposing of the Sale Assets and intellectual property, and employment arrangements), preservation of goodwill, not merging or consolidating with any other corporation or acquiring shares in any corporation, accommodation, complying with applicable laws, not changing any accounting policies or practices or making any tax election or settlement maintaining all licences and consents.

Until the Earn-Out Payment has been paid, BGDMC must use all commercial endeavours to operate the Sale Business on substantially the same basis as they were operated prior to completion, and must not dispose of any substantial part of the Sale Businesses without the MMG Vendors' consent.

8.1.9. Employees

As soon as practicable after the date of the Sale Deed (and not less than 20 business days before the completion date), BGDMC must ensure that offers of employment are made to specified employees of the Sale Businesses for comparable or superior positions commencing on completion. The Sale Vendors must release the employees who accept BGDMC's offer from their employment. BGDMC must pay or provide all leave benefits due to those employees and indemnify the MMG Vendors against any loss suffered or incurred by the Sale Vendors for those leave benefits.

8.1.10. Termination

BGDMC can terminate the Sale Deed prior to completion if:

- (a) the Sale Vendors or any Vendor Guarantor breaches the Sale Deed in any material respect and the breach (if capable of remedy) is not remedied within 10 business days of notice being served by BGDMC, or the breach is not capable of remedy;
- (b) an Insolvency Event occurs with respect to the Sale Vendors or any Vendor Guarantor; or
- (c) any of the warranties provided by the Sale Vendors or the Vendor Guarantors is found to have been incorrect or misleading when made or is incorrect or misleading prior to completion.

The Sale Vendors can terminate the Sale Deed prior to completion if:

- (a) BGDMC breaches the Sale Deed in any material respect and the breach (if capable of remedy) is not remedied within 10 business days of notice being served by the Sale Vendors, or the breach is not capable of remedy; or
- (b) an Insolvency Event occurs with respect to BGDMC; and
- (c) any of the warranties provided by BGDMC is found to have been incorrect or misleading when made or is incorrect or misleading prior to completion.

8.1.11. Sunset date

The parties have agreed to a sunset date of 30 April 2016 unless waived by BGDMC.

8.1.12. Restraints

The Sale Vendors and Vendor Guarantors have agreed to non-solicit non-compete restrictions within a cascading period of up to 5 years from completion.

BGDMC has agreed:

- (a) not to be involved in any medical clinic within a 15 kilometre driving distance of each the Sale Businesses and Remaining Business, during the period between completion and the payment of the Earn-Out Payment; and
- (b) not to be involved in any medical clinic within a 15 kilometre driving distance of each of the Remaining Businesses or to solicit any practitioner, employee, landlord or tenant involved in the Remaining Business during the period from entry into an option deed in respect of the Remaining Business.

8.2. MMG Option Deed

8.2.1. General

As contemplated by the Sale Deed (see Section 8.1 above), BGDMC has entered into the Option Deed with MMPL as trustee for the Modern Medical Craigieburn Unit Trust, Modern Medical Bayswater Unit Trust, Modern Medical Hobsons Bay Unit Trust, Modern Medical Wyndham Vale Unit Trust respectively (together, the **Option Vendors**) under which BGDMC is granted put options to buy from each Option Vendor, and each Option Vendor is granted a call option to sell, (the **Put and Call Options**) one or more of the Remaining Clinics.

The Vendor Guarantors are guarantors for the Option Vendors' obligations under each Option Deed and the Company is guarantor for BGDMC's obligations.

8.2.2. Key terms

The Put and Call Options over the Remaining Clinics are exercisable as set out below:

- (a) MMCB and MMBW: exercisable on or before 31 March 2018 if Maintainable EBIT for the calendar year ending 31 December 2017 for MMCB or MMBW (as applicable) is more than \$100,000. The exercise price is 5x Maintainable EBIT for the calendar year ended 31 December 2017.
- (b) MMHB and MMWV: exercisable on or before and 31 March 2019 if Maintainable EBIT for the calendar year ending 31 December 2018 for the MMHB or MMWV (as applicable) is more than \$100,000. The exercise price is 5x Maintainable EBIT for the calendar year ended 31 December 2018.

The option exercise price will consist of a mixture of cash consideration (**Option Cash Consideration**) and fully paid ordinary shares in the Company (**Option Consideration Shares**). The Option Vendors and BGDMC must use their best endeavours to agree on the percentage of the option exercise price (such percentage being between 20% and 50% of the option exercise price) that will be made up of the Option Consideration Shares. In the event that the parties fail to reach an agreement on the percentage within 120 calendar days before completion date under the Option Deed, 30% of the option exercise price will be made up of the Option Consideration Shares.

The issue price of the Option Consideration Shares is to be based on the lower of the 40 day VWAP prior to the completion date under the Option Deed, or the price of any Shares issued by the Company specifically to fund the Option Cash Consideration.

The Option Cash Consideration is subject to adjustment following completion. A portion of the Option Cash Consideration will be held in escrow by an agreed party as escrow agent until adjustment is made.

Completion under each Option Deed is to occur on the later of 120 calendar days after the relevant Put or Call Option is exercised, or the last day of the calendar month falling five business days after notice has been served that all conditions precedent under the Option Deed have been satisfied or waived (unless otherwise agreed in writing).

The Option Deed is otherwise on substantially the same terms as the Sale Deed (including corresponding Option Vendor restraints of between one and five years), except as otherwise set out in this Section 8.2.

8.2.3. Conditions precedent

Completion under each Option Deed is subject to a number of conditions precedent bank satisfied or waived. These are substantially the same as the conditions precedent to completion under the Sale Deed, and are as follow:

- (a) completion (under the Sale Deed) occurring under and in accordance with the Sale Deed;
- (b) completion of further due diligence to the Company's satisfaction in its absolute discretion;
- (c) at least 60% of the general practitioner doctors in the applicable Remaining Clinic novating or entering into new agreements with BGDMC;
- (d) the lessor of the premises of the applicable Remaining Clinic consenting to the assignment of the lease of those premises without the requirement for BGDMC's directors to give personal guarantees, provided that the Company offers to provide a guarantee;
- (e) assignment of the benefit of each contract pertaining to any assumed liabilities specified in the Option Deed;
- (f) no material adverse change occurring, or becoming known to BGDMC, between the date of the Option Deed and the completion date under the Option Deed;
- (g) the Company obtaining shareholder approval for all matters required to effect completion and which require shareholder approval under the Corporations Act, the ASX Listing Rules or the Company's constitution including:
 - a. the capital raising under this Prospectus;
 - b. the purchase of the business and assets under the applicable Option Deed; and
 - c. the issue of the Option Consideration Shares to the applicable Option Vendor or its nominee,
 and, with respect to any related party approval required for the issue of the Option consideration Shares, provided that one month has not elapsed since the gaining of such shareholder approval (unless an ASX waiver has been obtained providing for an extension of this period);
- (h) the Company receiving written confirmation from ASX that it will have re-complied with Chapters 1 and 2 of the Listing Rules and that its Shares will be re-admitted to quotation on the ASX at completion;
- (i) the Company reasonably forming the view that any condition required to be fulfilled by the ASX as provided in any conditional approval under condition (h) is able to be satisfied by BGDMC; and
- (j) the Company obtaining all other necessary regulatory approvals for the transaction or any aspect of the transaction as required by ASX and ASIC.

8.3. MMG Management Services Agreement

8.3.1. General

In accordance with the Sale Deed, BGDMC has entered into an agreement (**Management Services Agreement**) with the Option Vendors to provide management services to the Remaining Clinics as historically provided by MMAT prior to entry into the Sale Deed and Option Deed.

The Company is a guarantor for BGDMC's obligations under the Management Services Agreement.

8.3.2. Service and grant of licence

Under the Management Services Agreement, BGDMC will provide management consulting and administration services to each of the Option Vendors equivalent to the services provided by MMAT's operations manager, business development manager and accounts assistant in the preceding 12 months, for the duration of the Management Services Agreement as applicable to that Option Vendor. The services also include web hosting on the Modern Medical website for each of the Remaining Clinics.

BGDMC also agrees to grant a non-exclusive license of certain intellectual property back to the Option Vendors for a nominal licence fee of one dollar per annum in order to operate the Remaining Clinics until the expiry of the option period for each Remaining Clinic under the applicable Option Deed (see Section 8.2 above).

The services in respect of any Option Vendors or Remaining Clinic will terminate should BGDMC or the Guarantor acquire the Option Vendor or Remaining Business.

8.3.3. Service fees

The fees payable by the Option Vendors respectively for the services under the Management Services Agreement are the full cost to BGDMC or the Company of supplying the services and, in the case of the management services, will be no less than a following specified yearly amounts (increased annually in accordance with the Consumer Price Index, or as otherwise varied by agreement) for each Remaining Clinic: \$50,853 (MMCB), \$49,112 (MMBW), \$54,415 (MMWV) and \$61,503 (MMHB) (in each case, exclusive of GST).

8.3.4. Term and termination

The Management Services Agreement commences on the date of completion under the Sale Deed and continues until the earlier of (in respect of each Option Vendor):

- (a) 24 months after the commencement date;
- (b) termination of the services applicable to that Option Vendor; or
- (c) completion of the acquisition of the applicable Remaining Clinic under the applicable Option Deed.

The Option Vendors may terminate the Management Services Agreement or any of the services, for any reason, by giving not less than 20 days' written notice to BGDMC. BGDMC may terminate the Management Agreement for any reason, by giving not less than 3 months' written notice to the Option Vendors, provided that BGDMC is not entitled to give notice prior to the 12 month anniversary of the Commencement Date.

Each party also has conventional rights to terminate for cause.

8.4. MMG MMCS (Caroline Springs) head lease

8.4.1. General

MMPL, in its capacity as a lessee, has entered into lease with West Springs Pty Ltd for the premises of Units C1, C3 & C4, Building C, Caroline Springs Bulky Goods & Lifestyle Centre, Corner Chisholm Drive & Ballarat Road, Caroline Springs, Victoria 3023 (**MMCS Lease**). Dr Cameron and Mr Schulz are guarantors to the MMCS Lease.

Pursuant to the terms of the Sale Deed, this lease will be assigned to BGDMC, with the Company offering a guarantee if required.

8.4.2. Term of the lease

The term of the MMCS Lease commenced on 1 September 2014 and will expire on 31 August 2024.

8.4.3. Rent

Current rent payments, which are payable monthly in advance, are as follows:

- (a) Unit C1: \$275,000 per annum plus GST; and
- (b) Units C3 & C4: \$327,777.90 per annum plus GST.

Rent reviews for each of the units are as follows:

- (a) Unit C1: Fixed 4% increase on each anniversary of the term except for the 6th anniversary; and
- (b) Units C3 & C4: Fixed 3% increase on each anniversary of the term.

8.4.4. Other key terms

MMPL has the option to renew the MMCS Lease for three further terms of five years each. The option to renew must be triggered 6 months before the expiry date of the MMCS Lease.

Assignment, subletting or other dealings with the MMCS Lease or premises is permitted with West Springs Pty Ltd's consent.

At present, part of the premises is sublet to a pathology collection centre, and in the future, will be sublet to a retail pharmacy.

8.5. MMG MMBN (Balwyn) head lease

8.5.1. General

MMPL, in its capacity as a lessee, has entered into lease with Paul Katsavos & Sotto Kouzas for the premises of Shop 6 and Retail 1, 379-381 Whitehorse Road, Balywn Victoria 3103 (**MMBN Lease**). Dr Cameron and Mr Schulz are guarantors to the MMBN Lease.

Pursuant to the terms of the Sale Deed, this lease will be assigned to BGDMC, with the Company offering a guarantee if required.

8.5.2. Term of the lease

The term of the MMCS Lease commenced on 13 July 2014 and will expire on 12 July 2019.

8.5.3. Rent

Current rent payments, which are payable monthly in advance on the first day of the month is \$211,915.60 per annum plus GST.

Rent reviews for future periods are as follows: fixed 4% increase on each anniversary of commencement date.

8.5.4. Other key terms

MMPL has the option to renew the MMCS Lease for two further terms of five years each. The option to renew must be triggered by 13 April 2019 and 13 April 2024 respectively.

Assignment, subletting or other dealings with the MMCS Lease or premises is permitted with Paul Katsavos & Sotto Kouzas's consent.

At present, part of the premises is sublet to a pathology collection centre.

8.6. Director agreements (Current Directors)

Term of agreement

Mr Ismail's appointment as a Non-Executive Director commenced on 10 September 2014. Mr Shane Tanner's appointment as a Non-Executive Chairman commenced on 25 November 2014. Mr Lim's appointment as an Executive Director commenced on 11 November 2015.

Remuneration package

Table 11 sets out the remuneration for each of the current Directors of the Company.

Mr Ismail receives directors's fee \$36,000 per annum (inclusive of superannuation entitlements) for his role a Director of the Company. In addition, Mr Ismail receives a further base fee of \$36,000 per annum (inclusive of superannuation entitlements) for his role as a Director of Euroa Steel Plant Project Pty Ltd. This further base fee is only payable whilst the Company maintains an ownership interest in Euroa Steel Plant Project Pty Ltd.

Mr Tanner receives directors's fee \$36,000 per annum (inclusive of superannuation entitlements) for his role a Director of the Company.

Mr Lim receives directors's fee \$30,000 per annum (inclusive of superannuation entitlements) for his role a Director of the Company.

Termination

Messrs Ismail and Tanner have agreed to resign as a Director in circumstances where they become disqualified or prohibited by law from being or acting as a director or from being involved in the management of a company.

8.7. Director agreement (Proposed Director, Dr Todd Cameron)

Term of agreement

The Company proposes to enter into an agreement with Dr Cameron for his services as a Director of the Company. This agreement will take effect from the date of completion of the Proposed Transaction, which will replace Dr Cameron's existing agreement with MMG (in his capacity as a Director of MMG).

Remuneration package

As set out in Table 11, Dr Cameron will receive director's fees of \$30,000 per annum (inclusive of superannuation entitlements) for his role as an Executive Director of the Company.

Termination

Dr Cameron or the Company can terminate the agreement by providing the other party with 1 months' notice.

In certain circumstances (such as breach of agreement, serious misconduct), the Company will be able to immediately terminate the agreement.

8.8. Director agreement (Proposed alternate Director, Mr Jeremy Kirkwood)

Term of agreement

Subject to approval of majority of the Board, the Company proposes to enter into a deed with Mr Kirkwood for his services as an alternate Director of the Company to Dr Cameron, proposed Executive Director of the Company. This deed will take effect from the date of completion of the Proposed Transaction.

Remuneration package

Pursuant to the terms of the Company's Constitution, Mr Kirkwood, as an alternate Director, cannot be paid any remuneration, although Mr Kirkwood will be eligible to seek reimbursement of all reasonable out of pocket expenses in connection with his role as an alternate Director.

Termination

Mr Kirkwood's appointment as a Director may be terminated at any time by Dr Cameron, provided Dr Cameron exists as a Director of the Company. In addition, Mr Kirkwood has agreed that his position shall terminate with immediate effect on the day Dr Cameron vacates office as a Director of the Company.

8.9. Underwriting agreement

8.9.1. General

The Company has entered into an underwriting agreement with Liverpool Partners Pty Ltd (**Underwriter**) pursuant to which the Underwriter has agreed to, subject to satisfaction or waiver of conditions precedent, underwrite 102,564,103 New Shares at an issue price of \$0.039 per New Share (**Underwritten Shares**), being the minimum subscription under the Offer pursuant to this Prospectus.

8.9.2. Fees

Under the underwriting agreement, the Underwriter will receive a fee of 1.25% (plus GST) of the underwritten amount (\$4.0m) being a fee of \$50,000 plus GST. The Underwriter will also receive payment from the Company for the costs and expenses of and incidental to all out-of-pocket expenses of the Underwriter in connection with the Offer and all costs and expenses in respect of any post registration review of the Prospectus undertaken by the ASX, the ASIC or any other regulatory body.

8.9.3. Conditions precedent

The obligation of the Underwriter to subscribe for the Underwritten Shares is subject to the satisfaction or waiver of, amongst others, a number of conditions precedent, including the condition that the Company have received \$3.6m in cleared funds, which are held on trust, pursuant to the Offer.

8.9.4. Termination

The Underwriter may terminate its obligations to satisfy a shortfall if any of the termination events specified in the underwriting agreement occur before the New Shares are allocated under the Offer.

Events of termination include (amongst others):

- (a) ASIC issues a stop order in relation to the Offer;
- (b) the Prospectus is defective;
- (c) a supplementary or replacement prospectus needs to be lodged with ASIC to complete the Offer without contravention of the Corporations Act;
- (d) the Prospectus or the Offer is withdrawn;
- (e) any person (other than the Underwriter) withdraws its consent to being named in the Prospectus;
- (f) ASX refuses to quote the Shares or will only quote the Shares subject to conditions unacceptable to the Underwriter (acting reasonably);
- (g) an unauthorised change to the capital structure of the Company or any member of the Company's group takes place;
- (h) an insolvency event takes place in relation to a member of the Company's group;
- (i) a market fall of 15% or more in the S&P/ASX All Ordinaries Index takes place and persists for at least 2 consecutive trading days;
- (j) an outbreak or escalation of hostilities or a state of war exists involving Australia, New Zealand, the United Kingdom, United States of America, Japan, the People's Republic of China or the Republic of India;
- (k) a general moratorium on commercial banking activities in Australia, the United States of America or the United Kingdom is declared by the relevant authority in any of those countries, or there is a material disruption in commercial banking or security settlement or clearance services in any of those countries;
- (l) trading in all securities quoted or listed on ASX, the London Stock Exchange or the New York Stock Exchange is suspended or limited in a material respect for at least two days on which that exchange is open for trading;
- (m) any materially adverse change or disruption to the existing financial markets, political or economic conditions of, or currency exchange rates or controls in, Australia, the United States of America or the United Kingdom, or the international financial markets or any materially adverse change in national or international political, financial or economic conditions;
- (n) a change or development (which was not publicly known prior to the date of this Agreement) involving a prospective materially adverse change in taxation affecting the Company or the Offer occurs;
- (o) a material adverse change occurs in the assets, liabilities, financial position and performance, profits, losses or prospects of the Company or the Company's group (in so far as the position in relation to an entity in the Company's group will or may affect the overall position of the Company);

- (p) the Company or other member of the Company's group commits a material contravention of its constitution or the Corporations Act;
- (q) the Company breaches a material obligation under the underwriting agreement;
- (r) a director of the Company is charged with an indictable offence;
- (s) a representation or warranty given by the Company under the underwriting agreement is untrue or incorrect in any material respect and the matters rendering the warranty untrue or incorrect are not remedied to the satisfaction of the Underwriter;
- (t) any of the material contracts summarised in this Section 8 are amended or terminated without the Underwriter's prior consent; and
- (u) the Company or any entity in the Company's group becomes engaged in any legal proceedings.

However, the Underwriter may not terminate after the occurrence of an event of termination listed below, unless it believes on reasonable grounds acting bona fide that the event has or is likely to have a materially adverse effect on the Company or the Company's group (in so far as the position in relation to an entity in the Company's group will or may affect the overall position of the Company) or on the outcome of the Offer or could give rise to a material liability of the Underwriter:

- (a) a statement contained in the Prospectus is misleading or deceptive or a matter is omitted from the Prospectus;
- (b) the Prospectus does not contain all such information as investors and their professional advisers would reasonably require and reasonably expect to find in it for the purpose of making an informed assessment of the assets, liabilities, financial position and performance, profits, losses and prospects of the Company and the Company's group (in so far as the position in relation to an entity in the Company's group will or may affect the overall position of the Company) and the rights attaching to the Offer Shares;
- (c) the due diligence report or any other information made available by or on behalf of the Company to the Underwriter in relation to the Company, the Company's group, any entity in the Company's group or the Offer is misleading or deceptive in any way

8.9.5. Indemnity

The Company has agreed to indemnify the Underwriter and its officers, employees, advisers and related bodies corporate (**Indemnified Parties**) against all claims, demands, damages, losses, costs, expenses and liabilities (**Loss**) suffered or incurred by them as a result of a representation or warranty given by the Company under the underwriting agreement not being true and correct, any breach of the underwriting agreement by the Company, the distribution of this Prospectus and the making of the Offer or any advertising or publicity of the Offer issued with the knowledge and consent of the Company and without the prior written consent of the Underwriter (subject to certain exemptions relating to, among other things, fraud, recklessness, wilful misconduct or gross negligence by them). Should the indemnities prove to be unavailable or insufficient, there shall be a proportional contribution between the Company and the Indemnified Parties in relation to any Loss. The Indemnified Parties shall not be required to contribute an aggregate amount that exceeds the commission and fees paid to the Underwriter by the Company under the underwriting agreement.

8.10. Professional costs (corporate and investment advisory)

8.10.1. General

The Company has entered into an agreement with Liverpool Partners Pty Ltd ACN 159 465 193 (**Liverpool Partners**), under which, Liverpool Partners will provide company secretarial, financial management, M&A and capital raising services. Legal services are specifically excluded from the agreement.

Mr Jonathan Lim, Director of the Company is also a Director of Liverpool Partners. For the purposes of this Prospectus, Liverpool Partners is the corporate adviser to the Company (under the agreement subject of this Section 8.12) and also, the underwriter to the General Offer (for the minimum subscription amount of \$4.0m) (as set out above in Section 8.9 of this

Prospectus). Therefore, Mr Lim, through Liverpool Partners will receive a benefit from completion of the Offer and the Proposed Transaction.

8.10.2. Term

The agreement is ongoing unless terminated in accordance with its terms.

8.10.3. Fees

The fees to be charged by Liverpool Partners are as follows:

- (a) Monthly retainer (for all work programs) – \$20,000 plus GST per month.
- (b) Success fee (M&A Work Program) – a success fee is payable on any transaction (or any substantially similar transaction), arising out of this engagement, that is completed during the term of the engagement or within 12 months following termination of the engagement. The success fee will be set on the following scale, calibrated to the Enterprise Value (as defined in the agreement) of the transaction (unless otherwise agreed between both parties in writing):

Enterprise value	Success fee
<=A\$30.0m	6.0% of EV
>A\$30.0m, <=A\$50.0m	5.5% of EV
>A\$40.0m	5.0% of EV

For the avoidance of doubt, the Proposed Transaction is a transaction that will be subject to payment of the success fee by the Company.

8.10.4. Exclusivity

During the term of the agreement, the Company has agreed to not enter into negotiations with potential purchasers of the Company without the involvement of Liverpool Partners.

8.10.5. Termination

Either party may terminate the engagement by providing 6 months written notice to the other party.

8.10.6. Indemnity

Liverpool Partners will not be liable for the services provided pursuant to the agreement in any way. The Company has agreed to indemnify Liverpool Partners for any direct and/or indirect or consequential loss or damage to the extent permitted by law, caused by the Company or their employees, contractor or agents. The Company has agreed to not to bring any claim against any employees of Liverpool Partners personally in connection with the services provided under the agreement.

8.11. Professional costs (legal)

Whittens & McKeough Pty Ltd has acted as legal advisor to the Company in connection with the Offer (excluding in relation to taxation), has advised the Company in relation to the re-admission to the Official List of ASX and has performed work in relation to legal due diligence enquiries in respect of the Offer. The Company has paid or agreed to pay, approximately \$65,000 (plus GST) for these services (as of the date of this Prospectus). Whittens & McKeough Pty Ltd has also been paid for services relating to the Proposed Transaction including drafting the documentation to acquire the businesses and assets subject of the Proposed Transaction, and drafting the Notice of Meeting for the EGM. Further amounts may be paid to Whittens & McKeough Pty Ltd in accordance with its agreed fee arrangements up to a maximum of \$220,000 plus GST in total (which includes the \$65,000 plus GST).

8.12. Operating contracts – general

As an operating commercial business, MMG is a party to numerous standard business contracts, including but not limited to:

- (a) employee and contractor agreements;
- (b) finance arrangement and guarantees;
- (c) supply or purchase agreements; and
- (d) lease and sub-lease agreements.

The terms and conditions of all of the above mentioned standard business contracts have not been disclosed as none are deemed to be material by the Company.

8.13. Escrow deeds

As set out in Section 8.1, all Consideration Shares will be voluntarily escrowed as follows:

- (a) All escrowed for 12 months from the date of issue;
- (b) Two thirds escrowed for 18 months from the date of issue; and
- (c) One third escrowed for 24 months from the date of issue.

In the event that any escrow requirements imposed by the ASX are more restrictive than the time frames stipulated above, the MMG Vendors (or their nominees) have agreed to be bound by the ASX imposed escrow requirements.

These escrow restrictions will be set out in an escrow deed, which will be executed by each of the applicable MMG Vendors (or its nominee) prior to completion of the Proposed Transaction. The projected number of Shares that will be affected are as follows:

Table 15: Escrowed Shares

Voluntarily escrowed parties	Number of Shares affected
Torac Pty. Ltd. (entity associated with Dr Todd Cameron)	37,431,818
Como Group Holdings Pty. Ltd. (entity associated with Mr Jeremy Kirkwood)	20,795,455
JKS Group Holdings Pty. Ltd. (entity associated with Mr Jarrod Schulz)	24,954,545
Total	83,181,818

For personal use only



Section Nine

Additional Information

Section Nine

Additional Information

9.1. Rights Attaching to Shares

The following is a summary of the more significant rights attaching to the Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights attaching to Shares are set out in the Company's constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

Terms of Shares

- (a) *Ordinary Shares*: The Shares to be issued under this Prospectus will rank equally with the issued fully paid ordinary shares in the Company. The rights attaching to Shares are set out in the Company's constitution and, in certain circumstances, are regulated by the Corporations Act, the ASX Listing Rules and general law.
- (b) *General meetings*: Shareholders are entitled to be present in person or by proxy, attorney or representative to attend and to vote at general meetings of the Company. Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the constitution of the Company.
- (c) *Voting rights*: Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or of classes of Shareholders:
 - (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
 - (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
 - (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each Share held by that person or in respect of which the person is appointed proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid Shares shall have a fraction of a vote equivalent to the proportion which the amount paid up bears to the total issue price for the Share.
- (d) *Dividend Rights*: The Board may from time to time declare and pay or credit a dividend in accordance with the Corporations Act. Subject to any special right as to dividends attaching to a Share, all dividends will be declared and paid according to the proportion of the amount paid on the Share to the total amount payable in respect of the Shares (but any amount paid during the period in respect of which a dividend is declared only entitles the Shareholder to an apportioned amount of that dividend as from the date of payment). The Directors may from time to time pay or credit to Shareholders such interim dividends as they may determine. No dividends shall be payable except out of profits. A determination by the Board as to the profits of the Company shall be conclusive. No dividend shall carry interest as against the Company.

The Board may from time to time grant to Shareholders or to any class of Shareholders the right to elect to reinvest cash dividends paid by the Company by subscribing for Shares in the Company on such terms and conditions as the Directors think fit. The Directors may at their discretion resolve, in respect of any dividend which it is proposed to pay or to declare on any Shares of the Company, that holders of such Shares may elect to forgo their right to the whole or part of the proposed dividend and to receive instead an issue of Shares credited as fully paid to the extent and on the terms and conditions provided for in the Constitution. The Directors may set aside out of the profits of the Company such amounts as they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may properly be applied.

- (e) *Winding up*: If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he or she considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other Securities in respect of which there is any liability.

Section Nine Additional Information

- (f) *Transfer of Shares*: Generally, Shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the Listing Rules.
- (g) *Future increase in capital*: The allotment and issue of any new Shares is under the control of the Board. Subject to restrictions on the issue or grant of Securities contained in the Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred upon the holder of an existing Share or class of Shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.
- (h) *Variation of rights*: Under section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders, vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the Shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of at least three quarters of the issued Shares of that class or, if authorised by a special resolution passed at a separate meeting, of the holders of the Shares of that class.

9.2. Deeds of Indemnity, Insurance and Access

The Company has entered into deeds of indemnity and access with each of its appointed Directors. Under these deeds currently in place, the Company has agreed to indemnify each Director to the extent permissible by the Corporations Act against any liability arising as a result of that Director acting in the capacity as an officer of the Company.

The Company will be entering into deeds of indemnity and access with each of the proposed Directors (subject to their appointment). Under these proposed deeds, the Company will be agreeing to indemnify each of the proposed Directors to the extent permissible by the Corporations Act against any liability arising as a result of that proposed Director acting in the capacity as an officer of the Company.

9.3. Interests, Fees and Benefits

Other than as set out below or as is disclosed elsewhere in this Prospectus, no:

- (a) Director of the Company; or
- (b) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation and distribution of this Prospectus; or
- (c) promoter of the Company; or
- (d) stockbroker or underwriter to the Offer under this Prospectus,

has or had within two years before lodgement of this Prospectus with ASIC any interest in:

- (a) the formation or promotion of the Company; or
- (b) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or in connection with the Offer under this Prospectus; or
- (c) the Offer under this Prospectus;

and no amounts have been paid or agreed to be paid and no amounts have been given or agreed to be given to any of those persons as an inducement to become or to qualify as a Director of the Company or for services rendered in connection with the formation or promotion of the Company or the Offer of Shares under this Prospectus.

Persons and entities who have interests, fees and benefits

- (a) The Company has entered into various agreements with third parties that will have an effect on the Company, further details of which are set out in Section 8 of this Prospectus.

Section Nine

Additional Information

- (b) Current and projected interests (in the event that the Proposed Transaction completes) and remuneration of current and proposed Directors of the Board are outlined in Section 6.3 of this Prospectus.
- (c) Stantons International Securities Pty Ltd has been (or will be) paid a fee of approximately \$15,000 (exclusive of GST) for preparing the Investigating Accountant's Report in Section 4 of this Prospectus.

9.4. Expenses of the Offer

The estimated expenses (exclusive of GST) connect with the Offer that are payable by the Company based on \$4.0m being raised under the Offer are as follows:

Table: Expenses of the Offer (min. subscription)

Description of expenses	Amount of expenses
Brokerage costs	\$215,000
Legal fees	\$65,000
Corporate advisory and investment fees	\$336,000
Underwriting fees	\$50,000
Investigating accountant's fees	\$15,000
Printing, mailing, marketing and other fees	\$2,500
ASIC fees	\$2,320
ASX fees	\$66,300
Total	\$752,120

The estimated expenses (exclusive of GST) connect with the Offer that are payable by the Company based on \$6.0m being raised under the Offer are as follows:

Table: Expenses of the Offer (max. subscription)

Description of expenses	Amount of expenses
Brokerage costs	\$315,000
Legal fees	\$65,000
Corporate advisory and investment fees	\$336,000
Investigating accountant's fees	\$50,000
Printing, mailing, marketing and other fees	\$2,500
ASIC fees	\$2,320
ASX fees	\$68,300
Total	\$854,120

9.5. Consents

The following persons have given their written consent to be named in this Prospectus and for the inclusion of statements made by those persons (as described below), and have not withdrawn such consent before lodgement of this Prospectus with ASIC:

- (a) Each current and proposed Director of the Company.
- (b) Each member of the MMG management team set out in Section 3.8 of the Prospectus, who have consented to being named in this Prospectus as members of the MMG management team in the form and context in which they are named.
- (c) Whittens and McKeough Pty Ltd, who have consented to being named in this Prospectus as legal advisors to the Offer and the Company.
- (d) Liverpool Partners Pty Ltd, who have consented to being named in this Prospectus as underwriter and corporate adviser to the Company.
- (e) Stantons International Securities Pty Ltd, who have consented to being named in this Prospectus as the Investigating Accountant to the Company and to the inclusion of its IAR in Section 4 of this Prospectus (in the form and context in which it appears).
- (f) Ernst & Young, who has consented to being named in this Prospectus as Auditor to the Company.
- (g) Automic Registry Services, who have consented to being named in this Prospectus as providing Share registry service for the Company.

9.6. Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

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Section Ten

Corporate Governance Policy

Section Ten

Corporate Governance Policy

10.1. Corporate Governance Policy

This Section 10 explains how the Board oversees the management of the Company's business. The Company's Board of Directors is responsible for the corporate governance of the company, including developing strategies of the Company, reviewing strategic objectives and monitoring performance against those objectives. The Board is committed to maximising performance, generating appropriate levels of shareholder value and financial return and sustaining the growth and success of the Company, whilst ensuring compliance with the Company's legal and regulatory objectives. Accordingly, the Board has created a framework for managing the Company, including adopting relevant internal controls, risk management processes and corporate governance policies and practices which it believes are appropriate for the Company business and which are designed to promote the responsible management and conduct of the Company.

The ASX Corporate Governance Council has released a third edition of the ASX Corporate Governance Principles and Recommendations applicable for Australian listed entities. These are guidelines only, however, under the ASX listing rules, the Company is required to disclose the extent to which it has followed each recommendation for the reporting period. Where a recommendation has not been followed, the Company must provide reasons for why this has not been followed.

10.2. Board of Directors

10.2.1. Composition of the Board

The New Board will comprise of four Directors (which includes an alternate Director). Therefore, at any one time, there will be three Directors on the Board. Apart from the alternate Director, 2 Directors will be Executive Directors and 1 Director will be a Non-Executive Director. Details biographies of the Directors of the New Board are provided in Section 6.1.2 of this Prospectus.

10.2.2. Role of the Board

The Company's Board of Directors is responsible for the corporate governance of the Company. Issues of substance affecting the Company are considered by the Board, with advice from external advisors as required. The Board develops strategies for the company, reviews strategic objectives and monitors performance against those objectives.

10.2.3. Board Charter

The responsibilities of the Board are set out in the Company's Board Charter. The Board Charter has been prepared to have regard to the ASX Corporate Governance Principles and Recommendations. A copy of the Company's Board Charter is available on the Company's website at www.bgdcorporation.com.au.

10.3. Corporate Governance Policies

The Company has adopted the following policies, each of which have been prepared having regard to the ASX Corporate Governance Principles and Recommendations. These policies are available on the Company's website at www.bgdcorporation.com.au.

10.3.1. Code of Conduct

The Company has a Code of Conduct which sets out the standards of ethical behaviour that the Company expects from its directors, senior executives and employees.

10.3.2. Continuous Disclosure Policy

The Company has a policy to comply with the continuous disclosure requirements contained within the ASX Listing Rules and the Corporations Act. This policy ensures that the Company discloses to the ASX any information concerning the Company which is not generally available and which a reasonable person would expect would have a material effect on the

Section Ten

Corporate Governance Policy

price or value of Shares. Accordingly, this policy sets out the procedures and measures that the Company has in place which are designed to ensure that the Company complies with its continuous disclosure obligations.

10.3.3. Risk Management Policy

The Company has a risk management policy which is designed to identify, address, monitor and manage areas of risk affecting the Company's business. These include monitoring the quality and integrity of the Company's financial statements, ensuring compliance with applicable laws, regulations and company policies, monitoring the effectiveness and adequacy of internal control processes, and monitoring the performance of the Company's external auditors.

10.3.4. Securities Trading Policy

The Company has a securities trading policy, which sets out the Company's internal controls and procedures to avoid any breaches of insider trading laws.

10.3.5. Shareholder Communications Policy

The Company has a Shareholder communications strategy with the aim of promoting and facilitation effective two-way communication with investors.

10.3.6. Diversity Policy

The Company has a diversity policy which sets out objectives for achieving diversity amongst its Board, management and employees.

10.4. ASX Corporate Governance Principles and Recommendations

The Board has evaluated the Company's current corporate governance policies and practices in light of the ASX Corporate Governance Principles and Recommendations. A summary of the approach which is currently adopted by the Board is provided below:

10.4.1. Principle 1 – Lay solid foundations for management and oversight

The Board Charter outlines the respective roles and responsibilities of the Board. A copy of the current Board Charter is available at the Company's website at www.bgdcorporation.com.au. There is clear definition between the Board's responsibility for the Company's strategy and activities, and that of the Company's management and its responsibility for the day-to-day management of operations.

The process for the selection, appointment and re-appointment of Directors of the Company is outlined in Nomination Committee Charter. Given the nature and scale of the Company, and the current size of the Board, the full Board of the Company performs the function of a nomination committee. The Board, in fulfilling the function of a nomination committee, is also responsible for evaluating the performance of the Board and the performance of individual directors and executives of the Company.

The Company has adopted a Diversity Policy, a copy of which is located at the Company's website at www.bgdcorporation.com.au.

10.4.2. Principle 2 – Structure of the Board to add value

The New Board will comprise of 2 Executive Directors, 1 Non-Executive Director and 1 alternate Director (to an Executive Director). All of the Directors on the New Board (including the Chairman) will not be independent based on the independence requirements in the ASX Corporate Governance Principles and Recommendations. The New Board believes that the size, composition and skills of the New Board are appropriate for the Company's business and circumstances, and are in the best interests of the shareholders of the Company for the time being, as the Company looks to oversee the

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Corporate Governance Policy

successful and integration of the MMG business into the Company. The Board will consider adding additional independent Directors in the future.

The Board is responsible for reviewing the size, composition and skills of the Board to ensure that the Board is able to discharge its duties and responsibilities effectively, and to identify areas where further skills or experience may be required. The Board is responsible for the approval and review of induction and continuing professional development programs and procedures for Directors to ensure that they can effectively discharge their responsibilities.

10.4.3. Principle 3 – Act ethically and responsibly

The Company has adopted a Code of Conduct which applies to the Company's directors, senior executives and employees. The Company also has a Securities Trading Policy which outlines practices and procedures to ensure that there are no breaches of insider trading laws. These two policies have been prepared having regard to the ASX Corporate Governance Principles and Recommendations. Copies of these policies are available at the Company's website at www.bgdcorporation.com.au.

10.4.4. Principle 4 – Safeguard integrity in financial reporting

Due to the nature and scale of the Company's existing operations and the size of the Board, the full Board of the Company carries out the duties that would ordinarily be assigned to an audit and risk committee under the written terms of reference for that committee. In fulfilling the functions of a risk and audit committee, the Board oversees the management, financial and internal risks of the Company. The relevant duties are provided in the Risk and Audit Committee Charters, which are available on the Company's website at www.bgdcorporation.com.au.

10.4.5. Principle 5 – Make timely and balanced disclosure

The Company has a Continuous Disclosure Policy, outlining its commitment to providing timely and balanced disclosure to the market and ensuring that it has procedures in place to ensure compliance with continuous disclosure requirements arising from legislation and the ASX Listing Rules. A copy of the Company's Continuous Disclosure Policy is located at the Company's website at www.bgdcorporation.com.au.

10.4.6. Principle 6 – Respect the rights of security holders

The Company has adopted a Shareholder Communications Strategy which aims to ensure that shareholders are informed of all major developments affecting the Company's state of affairs. The Company seeks to recognise numerous modes of communication, including electronic communication, to ensure that its communication with shareholders is frequent, accessible and clear. The Company provides access to all ASX announcements at its website located at www.bgdcorporation.com.au. The responsibilities of the Board are set out in the Company's Board Charter. The Board Charter has been prepared to have regard to the ASX Corporate Governance Principles and Recommendations. A copy of the Company's Board Charter is available on the Company's website at www.bgdcorporation.com.au.

All shareholders will be invited to attend the Company's Annual General Meeting, either in person or by representative. The Board regards the Annual General Meeting as an important forum to discuss issues relevant to the Company. Accordingly, it encourages full participation by shareholders at the Annual General Meeting. At the Annual General Meeting, shareholders have an opportunity to submit questions to the Board and to the Company's independent auditor.

10.4.7. Principle 7 – Recognise and manage risk

The Company has adopted an Audit and Risk Committee Charter which is designed to assist the Company to identify, evaluate and mitigate risks affecting the Company. Due to the nature and scale of existing operations of the Company, and the size of the Board, the full Board carries out duties ordinarily assigned to an audit and risk committee. The Board, in fulfilling the duties of an audit and risk committee, is responsible for overseeing risk management systems and practices and reviewing whether the Company has any material exposure to any economic, environmental and social sustainability risks and review reports by management on the efficiency and effectiveness of the Company's risk management framework and associated internal compliance and control procedures.

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Corporate Governance Policy

The Company regularly evaluates the effectiveness of its risk management framework to ensure that its internal control systems and processes are monitored and updated on an ongoing basis. A copy of the Company's Audit and Risk Committee Charter is located at www.bgdcorporation.com.au.

10.4.8. Principle 8 – Remunerate fairly and responsibly

The Company has adopted a Remuneration Committee Charter. Given the nature and scale of the Company, and the current size of the Board, the full Board of the Company performs the function of a remuneration committee. In performing the role of a remuneration committee, the Board oversees the level and composition of remuneration of the Directors and executives, reviews and approves executive remuneration policy to enable the company to attract and retain executives and directors who create value for shareholders, ensures that the executive remuneration policy demonstrates a clear relationship between key executive performance and remuneration, and makes recommendations to the Board in relation to the remuneration of executive directors.

The Company will provide disclosure of its Directors' and executives' remuneration in its annual report.

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Section Eleven
Definitions

Section Eleven

Definitions

11.1. Definitions

AEDT means Australian Eastern Daylight Time as observed in Sydney, New South Wales.

Applicants means a person who submits a valid Application Form accompanied by Application Monies under the Offer pursuant to this Prospectus.

Application means an application for New Shares under the Offer pursuant to this Prospectus.

Application Form means the application form accompanying this Prospectus at Section 13.

Application Monies means funds to subscribe for New Shares under the Offer which is received by the Company from Applicants.

ASIC means Australian Securities and Investment Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it, as the context requires, of 20 Bridge Street, Sydney, NSW 2000.

ASX Listing Rules or **Listing Rules** means the official listing rules of the ASX and any other rules of the ASX which are applicable while the Company is admitted to the official list of the ASX, as amended or replaced from time to time, except to the extent of any express written waiver by the ASX.

BGD means BGD Medical Centres Pty Ltd (ACN 608 964 049), a wholly owned subsidiary of the Company.

Board means the current board of Directors of the Company.

Business Day means a day on which trading takes place on the stock market of ASX.

CHES means the Clearing House Electronic Sub-register System.

Closing Date means the closing date for the Offer specified in the indicative timetable in this Prospectus, or such other date determined by the Board.

CSSC means the Caroline Springs Specialist Centre, which forms part of MMCS.

CSSCPL means Caroline Springs Specialist Centre Pty Ltd (ACN 138 468 729).

Company or **BGD** means BGD Corporation Limited (ACN 009 074 588) of Suite 202, Level 2, 50 Clarence Street, Sydney NSW 2000.

Consideration means the Modern Medical Consideration and the Option Consideration.

Consideration Shares means up to 83,181,818 fully paid ordinary shares that will be issued to the Modern Medical Vendors as part consideration of the Initial Payment.

Consolidation means the 1 for 3 consolidation of its issued capital that will be undertaken by the Company, prior to the issue of any Securities subject of this Notice of Meeting.

Corporations Act means the *Corporations Act 2001* (Cth) as amended or replaced from time to time.

Director means a current director of the Company.

Dollar or "\$" means Australian dollars.

Earn-Out Shares means the share component of the Earn-Out Payment.

Earn-Out Payment means part of the consideration that will be payable by the Company for the Initial Clinics, which will be calculated in accordance with the terms of the Sale Deed.

EGM means the meeting of the Company's members convened by the Notice of Meeting.

ESPP means Euroa Steel Plant Project Pty Ltd, a jointly owned subsidiary that holds assets over the Euroa Steel Plant project in Gladstone, Queensland.

ESPP Shareholder Deed means the shareholder deed between the Company, Gladstone Steel and ESPP dated 2 July 2014.

Explanatory Statement means the explanatory statement accompanying this Notice of Meeting.

Section Eleven Definitions

Extraordinary General Meeting or **EGM** means the meeting of the Company's Shareholders that is scheduled to take place on 7 January 2016.

Gladstone Steel means Gladstone Steel Pty Ltd, the Company's joint venture partner over the Euroa Steel Plant project in Gladstone, Queensland.

Initial Clinics means the businesses and assets of MMCS (which incorporates CSSC), MMBN, MMAT and MMGPL.

Initial Payment means part of the consideration that will be payable by the Company for the Initial Clinics, of which 61% will be paid by the Company via the issue of the Consideration Shares, with the balance to be paid by the Company in cash.

Investigating Accountant means Stantons International Securities Pty Ltd, the author of the IAR at Section 4 of this Prospectus.

Issue Price means 3.9 cents (\$0.039) per New Share.

Management Services Agreement means the management services agreement executed by the parties under which management services will be provided to the Remaining Clinics.

MMAT means the Modern Medical Administration Unit Trust (ABN 69 466 866 957).

MMBN means the MMG clinic at Office 1, 379-381 Whitehorse Road, Balwyn, Victoria 3103.

MMBW means the MMG clinic at Shop 28 (Lower Level), Mountain High Shopping Centre, 7-13 High Street, Bayswater, Victoria 3153.

MMCB means the MMG clinic at 6/1-9 Mareeba Way, Craigieburn, Victoria 3064.

MMCS means the MMG clinic at 1042 Western Highway, Caroline Springs, Victoria 3023, which also incorporates the CSSC.

MMG Options means the call and put options that are granted over each of the Remaining Clinics pursuant to the terms of the Proposed Transaction.

MMGPL means Modern Medical Group Pty Ltd (ACN 104 762 272).

MMHB means the MMG clinic at 196-200 Hall Street, Spotswood, Victoria 3015.

MMPL means Modern Medical Pty Ltd (ACN 104 762 272).

MMWV means the MMG clinic at 504-510 Ballan Road, Wyndham Vale, Victoria 3024.

Modern Medical Consideration means the Initial Payment and the Earn-Out Payment.

Modern Medical Group or **MMG** means the businesses and assets owned and operated by Modern Medical Pty Ltd, which includes MMAT, MMBN, MMBW, MMCB, MMCS, MMGPL, MMHB and MMWV.

Modern Medical Vendors means the Cameron Entity, the Kirkwood Entity and the Schulz Entity.

New Board means the proposed board of the Directors of the Company, following completion of the Proposed Transaction.

New Shares means up to 153,846,154 Shares at an issue price of 3.9 cents (\$0.039) per New Share that will be offered as part of the New Shares Offer under this Prospectus.

New Shares Offer means the offer of New Shares to investors who are invited to subscribe for New Shares under this Prospectus to raise a minimum of \$4m and a maximum of \$6m.

Notice of Meeting means the notice of extraordinary general meeting of the Company's Shareholders dated 8 December 2015 including the Explanatory Statement.

Offer means the offer of New Shares pursuant to this Prospectus.

Option Consideration means the consideration of \$500,000 which payable by the Company in cash to the Modern Medical Vendors for the granting of the call options over the Remaining Clinics.

Option Deed means the option deed executed by the parties, which grant put and call options over the Remaining Clinics.

Proposed Transaction means the proposed acquisition of certain businesses and assets of MMG by the Company, with options granted for the Company to acquire the remaining businesses and assets of MMG.

Section Eleven Definitions

Prospectus means this prospectus that will be lodged with ASIC and ASX on or around 21 December 2015.

Proxy Form means the proxy form attached to this Notice of Meeting.

Remaining Clinics means the businesses and assets of MMBW, MMCB, MMHB and MMWV

Resolution means the resolutions that will be considered by Shareholders of the Company at the EGM.

Retention Amount means \$555,000 of the Up Front Cash Consideration which will be held in escrow until an adjustment is made in accordance with the Sale Deed.

Sale Assets means the assets of the Initial Clinics agreed to be acquired by the Company pursuant to the Sale Deed.

Sale Businesses means the businesses of the Initial Clinics agreed to be acquired by the Company pursuant to the Sale Deed.

Sale Deed means the sale of business deed executed by the parties to effect the terms of the Proposed Transaction on 11 November 2015.

Sale Vendors means MMPL, CSSCPL and MMGPL, for the purposes of the Sale Deed and the Proposed Transaction.

Stantons means Stantons International Securities Pty Ltd (ABN 42 128 908 289) of Level 12, 60 Castlereagh Street, Sydney NSW 2000.

Securities mean Shares and/or Options (as the context requires).

Share means a fully paid ordinary share in the capital of the Company.

Share Registry means Automatic Registry Services.

Shareholder means a holder of a Share.

Up Front Cash Consideration means \$1,755,000 which is the cash component of the Initial Payment.

Vendor Guarantors means Dr Todd Cameron, Mr Jeremy Kirkwood and Mr Jarrod Schulz.

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Section Twelve
Statement of Directors

Section Twelve

Statement of Directors

12.1. Statement of Directors

This Prospectus is authorised by each of the Directors and the persons proposed as Directors of the Company in the event that the Proposed Transaction completes, who consents to its lodgement with ASIC and its issue.

This Prospectus is signed in accordance with section 720 of the Corporations Act.



Shane Tanner
Non-Executive Chairman

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Section Thirteen
Application Form

INSTRUCTIONS FOR COMPLETION OF THIS APPLICATION FORM

YOU SHOULD READ THE PROSPECTUS CAREFULLY BEFORE COMPLETING THIS APPLICATION FORM

Please complete all relevant sections of this Application Form using BLOCK LETTERS

The below instructions are cross-referenced to each section of the Application Form.

1 Number of Shares

Insert the number of Shares you wish to apply for in section 1. Your application must be for a minimum of 51,283 Shares.

2 Payment Amount

Enter into section 2 the total amount payable. Multiply the number of Shares applied for by \$0.039 – the application price per Share.

3 Name(s) in which the Shares are to be registered

Note that ONLY legal entities can hold Shares. The application must be in the name of a natural person(s), companies or other legal entities acceptable by the Company. At least one full given name and surname is required for each natural person.

CORRECT FORMS OF REGISTRABLE TITLE

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Trusts	Mr John Richard Sample <Sample Family A/C>	John Sample Family Trust
Superannuation Funds	Mr John Sample & Mrs Anne Sample <Sample Family Super A/C>	John & Anne Superannuation Fund
Partnerships	Mr John Sample & Mr Richard Sample <Sample & Son A/C>	John Sample & Son
Clubs/Unincorporated Bodies	Mr John Sample < Food Help Club A/C>	Food Help Club
Deceased Estates	Mr John Sample <Estate Late Anne Sample A/C>	Anne Sample (Deceased)

4 Postal Address

Enter into section 4 the postal address to be used for all written correspondence. Only one address can be recorded against a holding. With exception to annual reports, all communications to you from the Company will be mailed to the person(s) and address shown. Annual reports will be made available online when they are released. Should you wish to receive a hard copy of the annual report you must notify the Share Registry. You can notify any change to your communication preferences by visiting the registry website – www.automic.com.au

5 CHESS Holders

If you are sponsored by a stockbroker or other participant and you wish to have your allocation directed into your HIN, please complete the details in section 5.

6 Email Address

As permitted under the Corporations Act, BGD Corporation Ltd will only be forwarding printed annual reports to shareholders electing to receive one. Our company annual report and company information will be available at www.bgdcorporation.com.au. You may elect to receive all communications despatched by BGD Corporation Ltd electronically (where legally permissible) such as a notice of meeting, proxy form and annual report via email.

7 TFN/ABN/Exemption

If you wish to have your Tax File Number, ABN or Exemption registered against your holding, please enter the details in section 7. Collection of TFN's is authorised by taxation laws but quotation is not compulsory and it will not affect your Application Form.

8 Cheque Details

Cheques must be drawn on an Australian branch of a financial institutional in Australian currency, made payable to BGD Corporation Ltd and crossed "Not Negotiable". Please complete the relevant details in section 8.

9 Contact Details

Please enter contact details where we may reach you between the hours of 9:00am and 5:00pm should we need to speak to you about your application.

HOW TO LODGE YOUR APPLICATION FORM

Mail or deliver your completed Application Form with your cheque to the following address before 5:00pm (AEDT) on the applicable Closing Date.

BGD Corporation Limited
Level 2, Suite 202
50 Clarence Street
Sydney NSW 2000

