

## Appendix 4C

### Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00. Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

**Name of entity**

LawFinance Limited (formerly JustKapital Limited)

**ABN**

72 088 749 008

**Quarter ended ("current quarter")**

30 September 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	3,347	3,347
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(10)	(10)
(d) leased assets	-	-
(e) staff costs	(521)	(521)
(f) administration, corporate costs, due diligence and transaction costs	(1,889)	(1,889)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	98	98
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (disbursement funding division reports)	(3,426)	(3,426)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(2,402)</b>	<b>(2,402)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(24)	(24)
(b) businesses (see item 10)	(44,633)	(44,633)
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows - loans (to)/from other entities	46,350	46,350
2.4	Dividends received (see note 3)	-	-
2.5	Other (investments by litigation funding division)	(170)	(170)
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>1,523</b>	<b>1,523</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(75)	(75)
3.5 (a)	Proceeds from borrowings (Disbursement funding division)	4,044	4,044
3.5 (b)	Proceeds from borrowings (Corporate)	600	600
3.6 (a)	Repayment of borrowings (Disbursement funding division)	(2,423)	(2,423)
3.6 (b)	Repayment of borrowings (Corporate)	-	-
3.7	Transaction costs and interest related to loans and borrowings	(1,361)	(1,361)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>785</b>	<b>785</b>

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of quarter/year to date	1,264	1,264
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,402)	(2,402)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	1,523	1,523
4.4	Net cash from / (used in) financing activities (item 3.10 above)	785	785
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>1,170</b>	<b>1,170</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,012	1,106
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (term deposits for Bank Guarantees)	158	158
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,170</b>	<b>1,264</b>

<b>6.</b>	<b>Payments to directors of the entity and their associates</b>	Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	165
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

The payments above to directors includes payments to companies associated with directors for consulting fees.

<b>7.</b>	<b>Payments to related entities of the entity and their associates</b>	<b>Current quarter \$A'000</b>
7.1	Aggregate amount of payments to these parties included in item 1.2	-
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

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<b>8.</b>	<b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1	Loan facilities	124,070	110,051
8.2	Credit standby arrangements	-	-
8.3	Other (please specify)	-	-
8.4	Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

- The Group has a \$35 million facility through Assetsecure Pty Limited to fund its disbursement financing business. The loan is secured by a fixed and floating charge over the assets of JustKapital Financing Pty Limited. The parent company and other entities within the Group have guaranteed the facility. The facility is repayable on 30 September 2020.

The fees payable under the facility include a mixture of interest charges for amounts draw-down under the facility, line fees and management fees, which total 8.95% per annum. These fees are expensed as incurred.

- The Group has a \$13.952 million revolving corporate credit facility through the Lucerne Group which is now repayable on 31 December 2019. The fees payable under the facility include a mixture of interest charges for amounts drawn-down under the facility, line fees and management fees, which total 16.75% (13.50% excluding establishment fee) per annum. These fees are expensed as incurred.
- The Group has a \$1.418 million vendor loan in relation to the purchase of the disbursement financing business. This loan is repayable on 22 January 2019. Interest payable under this vendor loan is 7.5% per annum. These fees are expensed as incurred.
- The Group has a \$3 million revolving debt facility through Lucerne Finance Pty Ltd. This facility is repayable on 12 January 2020. There was an upfront 2% line fee, and an interest rate of 7.95% per annum. These fees are expensed as incurred.
- As announced to the market on 17 July 2018, the Group has accepted an offer from FCCD (Australia) Pty Limited and/or its affiliates or related parties (Fortress) to fund five cases within the litigation portfolio. A portion of the facility is repayable upon the completion of the cases funded or 17 July 2021 (whichever is the earliest). There is no interest applicable to the facility. However, Fortress is entitled to a share of the proceeds of the net profit from the case funded and a guaranteed minimum return from these five cases. Fortress has been granted security over JustKapital Portfolio Pty Limited (the funder of the five cases).
- As announced to the market on 19 July 2018, as part of the National Health Finance (NHF) acquisition (which completed on 28 September 2018 and announced to the market on 2 October 2018) the Group has taken on a \$42 million Syndicated Acquisition Facility agreed with leading Australian institutions and family offices, including Washington H. Soul Pattinson & Company Limited. This facility is repayable on 26 September 2022 but may be repaid at any time after 26 September 2021. Interest payable under this facility is 13% per annum. These fees are expensed as incurred. In addition, this facility has 329,880,000 warrants convertible at 14 cents per warrant. As at 30 September 2018, these warrants have not been issued.
- As announced to the market on 19 July 2018, as part of the NHF acquisition (which completed on 28 September 2018 and announced to the market on 2 October 2018) the Group has taken on a \$17.2 million vendor loan from the NHF Founders David Wattel and Mark Siegel. This facility is repayable on 26 September 2022 but may be repaid at any time after 26 September 2021. Interest payable under this facility is 13% per annum. These fees are expensed as incurred. In addition, this facility has 122,863,636 warrants convertible at 14 cents per warrant. As at 30 September 2018, these warrants have not been issued.
- As part of the completion of the NHF transaction two of the underwriters of the Placement advanced the Group \$4.5 million in the form of a bridging facility until the Rights Issue and Placement are completed.
- As part of the NHF acquisition, with an effective control date of 1 October 2018, the Group will assume a US\$80 million facility through Atalaya Capital Management to fund its US financing business. The facility is secured by a first-ranking charge over the assets of NHF SPV I, LLC. The facility is repayable on 25 April 2022.

The fees payable under the facility include a mixture of interest charges for amounts draw-down under the facility, line fees and management fees, which total 14.25% per annum. These fees are expensed as incurred.

9. Estimated cash outflows next quarter		\$A'000
9.1	Research and development	-
9.2	Product manufacturing and operating costs	-
9.3	Advertising and marketing	(35)
9.4	Leased assets	-
9.5	Staff costs	(2,236)
9.6	Administration and corporate costs	(2,123)
9.7*	Other (Due diligence costs, transaction costs and interest relating to loans & borrowings)	(7,751)
9.7**	Other (payments for Australian disbursement reports)	(2,605)
9.7**	Other (payments for US medical lien financing)	(8,571)
9.7	Other (case investments)	(1,265)
9.8	<b>Total estimated cash outflows</b>	<b>(24,586)</b>

\* The estimated cash outflows relating to the Australian disbursement funding business and US medical lien financing business will be made utilising the existing facilities available to the Group as detailed in Section 8.1.

\*\* These estimated cash outflows will be made utilising the existing facilities available to the Group as detailed in Section 8.1.

10.	Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1	Name of entity	National Health Finance HoldCo LLC	
10.2	Place of incorporation or registration	Delaware, USA	
10.3	Consideration for acquisition or disposal	US\$53,000,000	
10.4	Total net assets (as at 30 June 2018) #	US\$9,745,000	
10.5	Nature of business	Financing	

# Latest released financial position as detailed in the Prospectus dated 12 September 2018.

### Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here: .....  
Chief Executive Officer

Date: 31 October 2018

Print name: Diane Jones

### Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.