

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")

31 December 2018

Consolidated statement of cash flows	Current quarter \$USD'000	Year to date (6 months) \$USD'000
1. Cash flows from operating activities		
1.1 Receipts from customers	8,230	10,674
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(35)	(43)
(d) leased assets	-	-
(e) staff costs	(1,607)	(1,987)
(f) administration, corporate costs, due diligence and transaction costs	(1,223)	(2,602)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	72
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other	-	-
1.9 Net cash from / (used in) operating activities	5,366	6,114
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(140)	(158)
(b) businesses (see item 10)	-	(32,601)
(c) investments	1,348	1,348
(d) intellectual property	-	-
(e) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$USD'000	Year to date (6 months) \$USD'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	(3,309)	30,546
2.4	Dividends received (see note 3)	-	-
2.5 (a)	Other (investments by litigation funding division)	1,025	901
2.5 (b)	Other (disbursement funding reports and medical liens)	(7,097)	(9,600)
2.6	Net cash from / (used in) investing activities	(8,173)	(9,564)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	5,093	5,093
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	-	(55)
3.5 (a)	Proceeds from borrowings (Disbursement funding – Australia)	2,965	5,919
3.5 (a)	Proceeds from borrowings (Medical Lien funding - USA)	4,911	4,911
3.5 (b)	Proceeds from borrowings (Corporate - Australia)	-	438
3.6 (a)	Repayment of borrowings (Disbursement funding – Australia)	(2,070)	(3,840)
3.6 (a)	Repayment of borrowings (Medical Lien funding - USA)	(4,697)	(4,697)
3.6 (b)	Repayment of borrowings (Corporate - Australia)	(1,988)	(1,988)
3.7	Interest and fees related to loans and borrowings	(3,959)	(4,953)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	255	828

Consolidated statement of cash flows		Current quarter \$USD'000	Year to date (6 months) \$USD'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	845	934
4.2	Net cash from / (used in) operating activities (item 1.9 above)	5,366	6,114
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(8,173)	(9,564)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	255	828
4.5	Effect of movement in exchange rates on cash held	5,403	5,384
4.6	Cash and cash equivalents at end of quarter	3,696	3,696

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$USD'000	Previous quarter \$USD'000
5.1	Bank balances	3,584	731
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (term deposits for Bank Guarantees)	112	114
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,696	845

6. Payments to directors of the entity and their associates

	Current quarter \$USD'000
6.1 Aggregate amount of payments to these parties included in item 1.2	336
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.

7.	Payments to related entities of the entity and their associates	Current quarter \$USD'000
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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8.	Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$USD'000	Amount drawn at quarter end \$USD'000
8.1	Loan facilities	161,205	112,103
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 USD\$24.703 million (AUD\$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 ongoing interest and fees payable total 8.95% per annum on amounts drawn down.
- The Group has a USD\$8.548 million (AUD\$12.111 million) revolving corporate credit facility arranged by the Lucerne Group which is repayable on 31 December 2019. The ongoing interest and fees payable under the facility total 13.50% per annum.
- The Group has a USD\$824,000 (AUD\$1.168 million) vendor loan in relation to the purchase of the Australian disbursement financing business. This loan was repayable on 22 January 2019 however, and the Group is currently negotiating an extension which should match the repayment date with receipts from the litigation funding business. Interest payable under this vendor loan is 7.5% per annum.
- The Group had a USD\$2.117 million (AUD\$3 million) revolving debt facility through Lucerne Finance Pty Ltd. This facility was repaid on 7 November 2018.
- 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 USD\$29.644 million (AUD\$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 28 September 2022 but may be repaid at any time after 28 September 2021. Interest payable under this facility is 13% per annum.
- 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 USD\$12.14 million (AUD\$17.2 million) vendor loan from the NHF Founders David Wattel and Mark Siegel. This facility is repayable on 28 September 2022 but may be repaid at any time after 28 September 2021. Interest payable under this facility is 13% per annum.
- As part of the completion of the NHF transaction two of the underwriters of the Placement advanced the Group AUD\$4.5 million in the form of a bridging facility until the Rights Issue and Placement were completed, which occurred in November 2018. This facility was repaid via its conversion into equity in November 2018.
- As part of the NHF acquisition, with an effective control date of 1 October 2018, the Group assumed 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 interest and fees payable under the facility total 14.25% per annum.

9.	Estimated cash outflows next quarter	\$USD'000
9.1	Research and development	-
9.2	Product manufacturing and operating costs	-
9.3	Advertising and marketing	(64)
9.4	Leased assets	-
9.5	Staff costs	(1,460)
9.6	Administration and corporate costs	(949)
9.7	Other (transaction costs, interest relating to loans & borrowings)	(2,875)
9.7(a)	Other (payments for Australian disbursement funding & associated interest on financing facility)	(2,714)
9.7(a)	Other (payments for US medical lien financing & associated interest on financing facility)	(10,730)
9.7(b)	Other (case investments)	(1,122)
9.8	Total estimated cash outflows	(19,914)

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

(b) These estimated cash outflows are gross outflows, and subject to co-funding agreements, where the Group will receive reimbursement of the co-funder's share of these outflows.

10.	Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1	Name of entity		
10.2	Place of incorporation or registration		
10.3	Consideration for acquisition or disposal		
10.4	Total net assets		
10.5	Nature of business		

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 January 2019

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.