



Henry Morgan

# Announcement

Henry Morgan Limited

ACN 602 041 770

15 April 2019

## Update on takeover offer from JBL

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Henry Morgan Limited (ASX:HML) refers to its announcements<sup>1</sup> of 11 April 2019 and John Bridgeman Limited's (NSX: JBL) announcements<sup>2</sup> of 12 April 2019. Trading in JBL securities remain suspended. Copies of the relevant JBL announcements are attached.

The Voting Directors continue to recommend that HML Shareholders take no action in relation to the JBL Offer.

The Closing Date for the JBL Offer is today.

**Kevin Mischewski**

Company Secretary

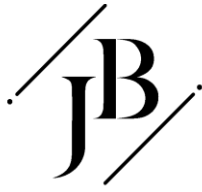
**Henry Morgan Limited**

**Email:** [cosec@henrymorgan.com.au](mailto:cosec@henrymorgan.com.au)

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<sup>1</sup> Update on takeover offer from JBL, HML Fifth Supplementary Target's Statement

<sup>2</sup> NSX General Disclosure Query, NSX Financial Disclosure Query, JBL Response to General Disclosure Query and Financial Disclosure Query



JOHN BRIDGEMAN LIMITED  
ACN 603 477 185  
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JOHN.BRIDGEMAN

12 April 2019

Mr Greg Fitzpatrick  
Head of Market Operations  
National Stock Exchange of Australia Limited  
1 Bligh Street  
Sydney NSW 2000

Email: [greg.fitzpatrick@nsx.com.au](mailto:greg.fitzpatrick@nsx.com.au)

Dear Mr Fitzpatrick

**John Bridgeman Limited: General disclosure query & suspension from official quotation**

Thank you for your letters of 9 April and 11 April 2019. Our responses to your questions are set out below.

The Company emphasises that all information necessary to answer these queries has previously been disclosed by the Company (including in the Company's Replacement Bidder's Statement for Henry Morgan Limited dated 19 March 2019). The Company queries why these concerns were of a nature that necessitated the suspension of the Company's securities, particularly having regard to previous disclosures made. The Company, accordingly, requests the immediate reinstatement of its securities.

At the outset, the Company believes it is important to clarify that most of the companies listed as 'Subsidiaries' in the NSX letter dated 9 April 2019, are not subsidiaries for the purposes of the *Corporations Act 2001 (Cth)*. They are consolidated into the accounts of the Company by virtue of the accounting standards, which apply a different definition to the term 'subsidiary' and 'related party'. For the purposes of the Corporations Act, the only subsidiaries of the Company are Bartholomew Roberts Pty Ltd, and its wholly owned subsidiaries, Birdzz Pty Ltd and JR Restaurants Australia Pty Ltd.

The financial accounts of the Company are prepared on a consolidated basis because of the requirements of the accounting standards.

As was noted by the independent expert in relation to 'Going concern risks' (as referenced in NSX's letter of 11 April 2019), JBL on a stand-alone basis has no external debt, limited fixed costs and/or capital requirements. It is important to be clear that, while consolidated, JB Financial Group is an independent entity to JBL, in which JBL has a shareholding only. Accordingly, the financial position of JB Financial Group does not directly impact on the solvency or position of JBL as a going concern. JBL has not given any guarantees or security in relation to the performance of JB Financial Group.

**Section 1: Response to NSX letter of 11 April 2019****a. *Confirm the basis for and the factors considered by the Directors and the Management team of the Company to satisfy themselves that John Bridgeman Limited has sufficient financial resources to continue as a going concern.***

As noted in the Company's response to the NSX's Periodic Disclosure Query issued on 31 October 2018, a number of steps have been identified and are being implemented to resolve any concerns regarding material uncertainty as to going concern. An update on such measures was contained in the Company's half year financial accounts for the period ending 31 December 2018, which were also annexed to and highlighted in the Company's Replacement Bidder's Statement for Henry Morgan Limited dated 19 March 2019.

Directors and management have taken into consideration the following factors to satisfy themselves that the Company has sufficient financial resources to continue as a going concern:

- (i) the reported loss is not considered by the directors to reflect the expected future performance of the consolidated group. Operating expenses for the reporting period included non-recurring and non-cash expenses arising from restructuring costs, fair value adjustments, impairment, depreciation and amortisation costs;
- (ii) during the 12 months ending 30 June 2018, the consolidated group, which includes JBL and JB Financial Group and its subsidiaries for accounting purposes, experienced a large number of one-off costs and impairments. While the audited consolidated accounts recorded a net loss of circa \$16.67 million, if impairment and high level one-off cost items are excluded, the loss is significantly less (approximately \$7.4 million). Most of the net loss incurred by JBL is attributable to impairment expenses of \$7.67 million. The operating expenses which contributed to the loss included salaries and wages, office and infrastructure and development costs, redundancy payments, general operational outgoings, traders' fees, and professional services expenses;
- (iii) cost reductions implemented in the first half of calendar year 2018 are expected to provide positive operating cash flows to the consolidated group over the short term. During the previous financial year, capital expenditure consisted primarily of initial acquisition costs, and restructuring and development costs within the consolidated group. As the majority of these actions have been completed, the management of capital expenditure and growth is forecast to reduce any funding requirements in the short term;
- (iv) the cost reduction measures that have been put in place include the implementation of redundancies, reductions in operational and infrastructure costs and outgoings, reduced external services fees, cost efficiencies, contractor scale discounts, restructuring and associated measures;
- (v) forecast positive cash flow is being generated from business operations within JB Financial Group. These cash flows are expected to increase in the short to medium term; and
- (vi) the consolidated group has significantly reduced developmental capital expenditure requirements as a result of the cost reduction measures highlighted above.

**b. *What steps has the Company taken since 30 June 2018 to ensure the solvency of the Company?***

It is important to understand that the reference to 'Material uncertainty as to going concern' in the Company's 2018 Half Year Financial Report is entirely different to any questions regarding the solvency of a company.

*Auditing Standard ASA570 Going Concern* sets out the steps an auditor must follow in determining the type of audit opinion to reach. In any particular case, an auditor may arrive at one of a range of different opinions. In the Company's case, its auditors have never provided a qualified or adverse opinion. Rather, the auditors have provided an unmodified opinion which included a section on material uncertainty – this conclusion can only be made by the auditor if there is sufficient appropriate audit evidence to enable the auditor to conclude that the going concern basis of accounting is appropriate, and management has provided appropriate disclosure.

In any event, as noted above, the Company has implemented the following steps since 30 June 2018 to strengthen the financial position of the Company:

- (i) implementation of redundancies;
- (ii) reductions in operational and infrastructure costs and outgoings;
- (iii) reduced external services fees;
- (iv) increased cost efficiencies;
- (v) contractor scale discounts;
- (vi) restructuring and associated measures.

**c. *What steps have been taken by the Company since the response to the Periodic Disclosure Query was provided on 5 November 2018 until now to achieve the objectives mentioned in point 3 above?***

The Company has implemented the following steps since 5 November 2018 to achieve the relevant objectives:

- (i) Forecast positive cash flow from operations is being achieved through reduced costs at both the Company level and JB Financial Group level, as well as staff restructuring and redundancies. The Company anticipates that cost efficiencies will continue as further integration occurs. JB Financial Group has also focussed on integration, organic growth and cost efficiencies, resulting in improved cash flow;
- (ii) In relation to the management of capital expenditure, the Company and the consolidated group have focussed on reducing capital expenditure requirements and improving cost efficiencies through integration and synergies associated with IT, personnel and infrastructure;
- (iii) JB Financial Group has established an external debt facility with Partners For Growth; and
- (iv) In regards to the objective of realising surplus assets and sale of existing assets either by float or trade sale, JB Financial Group has restructured its business operations, and is considering the potential float of certain business divisions in the future as those divisions mature. These proposals are, at the date of this document, not certain and

subject to change. However, the Company will provide further relevant information as and when it becomes available.

- d. ***Given the complexity of the group structure and the intra-group transactions, John Bridgeman Limited (as Parent Entity) is requested to provide a breakdown of all the outstanding Borrowings and Lending as at 11 April 2019 by completing the following table for all entities within the reporting group.***

See Annexure A and also noting that detailed disclosure on intra-group transactions, including applicable loans, was included in the Company's Replacement Bidder's Statement for Henry Morgan Limited dated 19 March 2019.

- e. ***In relation to the announcement 'John Bridgeman confirms details of JBFG finance facilities' made by Company on 12 December 2018, please confirm:***

- (i) ***The fixed price of the ordinary shares of JB Financial Group as referred to in the warrants section of the announcement; and***

For a period of 7 years, the Lender may elect to convert 409,962 options into shares in JB Financial Group at the exercise price of \$0.01 / share at any time within the 7 year period. It may choose to put those shares to JB Financial Group to repurchase if, for example, JB Financial Group is acquired, floats, or experiences a change in control or is liquidated. The fixed exchange put price is \$1.4 million.

- (ii) ***whether the Company believes that the operation of the Loan Facility has had any impact on JBL?***

The Loan Facility secures funding for the operations of JB Financial Group over the medium term. The consolidated group's cash flow forecast used in the assessment of going concern takes into consideration the repayment terms of the Loan Facility.

The Company believes the operation of the Loan Facility has had no negative impact on the Company.

## **Section 2: Response to NSX letter of 9 April 2019**

- a. ***Have there been any changes made by the Company to its Corporate Governance policies or internal controls which would be applicable to any future loan(s) between the Company, Henry Morgan Limited, Benjamin Hornigold Limited and/or any of its Subsidiaries? This may include updates to the Management Services Agreements already in place.***

The Company reviews its corporate governance policies and internal controls on a periodic basis. Its Conflicts of Interest Policy requires the Company to identify, assess, monitor and control any potential conflicts of interest. The Company must also comply (and does comply) with the requirements of the NSX Listing Rules, the Corporations Act and any relevant ASIC Regulatory Guides. Any future transactions between the Company, Henry Morgan Limited, Benjamin Hornigold Limited and/or any of the Subsidiaries will also be conducted in accordance with applicable corporate governance policies.

- b. ***Did the Company seek legal advice about whether or not receiving loans from Benjamin Hornigold Limited (amount of \$1,134,000) and Henry Morgan Limited (amount of \$2,411,000) on 8 August 2018 were related party transactions requiring shareholder approval under the Corporations Act? Please confirm what actions were taken by the Company to ensure that the loans entered into by the Company were not related party transactions requiring shareholder approval under the Corporations Act?***

The Company undertook a legal analysis of the loan transactions with Benjamin Hornigold Ltd and Henry Morgan Limited, and concluded that the transactions were not related party transactions requiring shareholder approval under the Corporations Act. The Company analysed the terms on which banking and financial institutions would provide similar debt facilities, and concluded that the terms of the loans were commercial, reasonable in the circumstances, and reflected arm's length dealing. Accordingly, shareholder approval under the Corporations Act was not required.

- c. ***How does the Company, when acting in its capacity as an Investment Manager for Henry Morgan Limited and Benjamin Hornigold Limited, manage any conflicts (actual or perceived) that may arise in connection with loans issued between the Company and Henry Morgan Limited and Benjamin Hornigold Limited?***

The Company manages any actual or perceived conflicts of interest that may arise in connection with loans issued between the Company and Henry Morgan Limited and Benjamin Hornigold Limited by ensuring that the following procedures are followed when considering any transaction:

- (i) The interests of the Company's directors, including whether they hold shares in, or are directors of, the proposed counterparty, are identified and noted;
- (ii) The Company considers whether, if any such interest exists, such interest should exclude the director from being involved in any discussion on, or participating in any vote in respect of, a proposed transaction, and whether the interest prevents the director from independently assessing the information provided to them;
- (iii) The Company then considers various factors, including:
  - a. the terms of the proposed transaction;
  - b. whether the terms are extraordinary or excessively generous to either party;
  - c. whether such terms are commercial and reasonable in the circumstances if the parties were unrelated in any way;
  - d. the benefit the proposed transaction provides the Company;
  - e. whether the Board is sufficiently knowledgeable about the circumstances of the transaction, sufficiently experienced in business and sufficiently well advised to be able to form a sound judgement as to what was in the Company's interests.

- d. ***Please confirm any outstanding amounts owed to Benjamin Hornigold Limited and Henry Morgan Limited by the Company (including subsidiaries) as at the date of this letter?***

As at the date of this letter, \$1,033,107.10 is owed to Benjamin Hornigold Ltd by the Company.

While not Subsidiaries of the Company, following the definition in the NSX letter dated 9 April 2019, it is also noted that the following amounts are owed to Benjamin Hornigold Ltd:

- (a) \$2,464,648.96 payable by JB Financial Group Pty Ltd; and
- (b) \$852,076.71 payable by Genesis Proprietary Trading Pty Ltd.

As at the date of this letter, \$2,251,777.32 is owed to Henry Morgan Limited by the Company.

While not Subsidiaries of the Company, following the definition in the NSX letter dated 9 April 2019, it is also noted that the following amounts are owed to Henry Morgan Limited:

- (a) \$443,733.90 payable by Capital Credit Pty Ltd; and
- (b) \$101,588 payable by Genesis Proprietary Trading Pty Ltd under its profit sharing agreement with Henry Morgan Limited.

**e. *Please confirm any outstanding amounts owed by Benjamin Hornigold Limited and Henry Morgan Limited to the Company (including Subsidiaries) as at date of this letter?***

As at the date of this letter, there are no outstanding amounts owed by Benjamin Hornigold Ltd to the Company or the Subsidiaries (following the definition in the NSX letter dated 9 April 2019).

As at the date of this letter, there is an outstanding amount of \$1,771,243 owed by Henry Morgan Limited to the Company for management and performance fees.

**f. *Given the related party transactions reported in the Company's financial reports, please confirm whether the Company is responsible for the Investment and Management decisions for any of the Subsidiaries noted above. If so which ones?***

As noted above, the Company believes it is important to clarify that most of the companies listed as 'Subsidiaries' in the NSX letter dated 9 April 2019, are not subsidiaries for the purposes of section 46 *Corporations Act 2001 (Cth)*. They are consolidated into the accounts of the Company by virtue of accounting standards, which apply a different definition to the term 'subsidiary'. For the purposes of the Corporations Act, the only subsidiaries of the Company are Bartholomew Roberts Pty Ltd, and its wholly owned subsidiaries, Birdzz Pty Ltd and JR Restaurants Australia Pty Ltd. John Bridgeman Limited has delegated authority under its investment management agreement with Bartholomew Roberts Pty Ltd and is responsible for the investment decisions of that entity. The Boards of Bartholomew Roberts Pty Ltd, Birdzz Pty Ltd and JR Restaurants Australia Pty Ltd each retain primary responsibility for the financial and operating policies of those entities.

The Company is not responsible for the investment and management decisions of JB Financial Group Pty Ltd or its subsidiaries.

**g. *Does the Company believe it has complied with the Takeover Panel's order to return the \$4.5 million (including interest) to Benjamin Hornigold Limited within 20 days after the Commencement Date?***

Yes. Refer to the Company's announcements dated 7 March and 1 April 2019.

As noted, and based on the above responses, the Company requests the immediate reinstatement of its securities.

Yours faithfully



**Kevin Mischewski**  
Company Secretary  
**John Bridgeman Limited**



## Annexure A

### Loans provided:

Lender	Recipient	Principal advanced	Interest rate	Maturity date	Outstanding amount (including any accrued interest)
John Bridgeman Limited	Birdzz Pty Ltd	\$1,325,538.65	9.65%	August 2020	\$1,532,304.52
	JR Restaurants Australia Pty Ltd	\$745,942.01	5.00%	July 2020	\$835,989.84
	Capital Credit Pty Ltd	\$400,000.00	5.00%	March 2020	\$378,435.16
	Bartholomew Roberts Pty Ltd	\$600,000.00	9.65%	April 2020	\$219,757.89

### Loans received:

Lender	Recipient	Principal advanced	Interest rate	Maturity date	Outstanding amount (including any accrued interest)
JB Financial Group Pty Ltd	John Bridgeman Limited	\$7,000,000.00	13.50%	September 2019	\$6,996,436.22

Dear Mr. Mischewski,

**John Bridgeman Limited (The “Company” or “JBL”)**

**General Disclosure Query**

The National Stock Exchange of Australia (NSX) refers to the off-market bids for Henry Morgan Limited and Benjamin Hornigold Limited first announced to the market on 10 September 2018<sup>1</sup> and note the following:

1 The Takeovers Panel's Reasons for Decisions<sup>2</sup>, published on 4 March 2019, which states on page 17:

*‘We consider our orders to require repayment of the \$4.5 million loan, and cancelling JBL's bid for BHD if it is not repaid, protect the rights and interests of BHD shareholders and ensure that JBL's bid for BHD proceeds in a way that it would have if this lock up was not entered into’*

2 The Annual Report for the Company<sup>3</sup> released to the market on 22 October 2018 states on page 72 that the Company is the parent entity of the following companies (the “Subsidiaries”):

- Bartholomew Roberts Pty Ltd
- JB Financial Group Pty Ltd (JBFG)
- Risk & Security Management Pty Ltd (RSM)
- IDS Group Pty Ltd
- Trademark Investigation Services
- Trademark Investigation Services (NZ) Limited
- Yates PI Pty Ltd
- Ashdale Integrity Solutions Pty Ltd
- JB Markets Pty Ltd
- HPH Holdings Pty Ltd
- JB Alpha Ltd
- King's Currency Exchange Pty Ltd
- Harnewei Pty Ltd
- JB Fintech Services Pty Ltd
- JB International Payments Pty Ltd
- JB Trading Services Pty Ltd
- Piggybk Holdings Pty Ltd
- Funz Holdings Pty Ltd
- JBFX Wholesale Pty Ltd
- JBFX Retail Pty Ltd
- JR Restaurants Australia Pty Ltd
- Birdzz Pty Ltd
- Advance Group Holdings Pty Ltd
- Capital Credit Pty Ltd (formerly Growth Point Capital Pty Ltd)
- Australian Legal Support Group Pty Ltd
- Genesis Proprietary Trading Pty Ltd
- Growth Point Capital Pty Ltd (formerly Schuh Group Finance Pty Ltd)
- Great Rate Finance Pty Ltd
- Risk & Security Management (NZ) Limited
- JB Credit Pty Ltd
- JB Trading House Pty Ltd
- JB Macro Funds Management Limited

Noting the Reasons of Decision made by the Takeovers Panel and the Company being a parent entity for Accounting Purposes please respond to the following queries:

<sup>1</sup> <https://www.nsx.com.au/ftp/news/021735682.PDF>

<sup>2</sup> [https://www.takeovers.gov.au/content/Reasons\\_For\\_Decisions/2019/downloads/2019-ATP-001.pdf](https://www.takeovers.gov.au/content/Reasons_For_Decisions/2019/downloads/2019-ATP-001.pdf)

<sup>3</sup> <https://www.nsx.com.au/ftp/news/021735985.PDF>

9 April 2019

John Bridgeman Limited  
Attn: Kevin Mischewski  
Level 9, 123 Eagle Street  
Brisbane, QLD, 4000  
Australia

Via email:  
[kmischewski@johnbridgeman.com.au](mailto:kmischewski@johnbridgeman.com.au)

- (a) Have there been any changes made by the Company to its Corporate Governance policies or internal controls which would be applicable to any future loan(s) between the Company, Henry Morgan Limited, Benjamin Hornigold Limited and/or any of its Subsidiaries? This may include updates to the Management Services Agreements already in place.
- (b) Did the Company seek legal advice about whether or not receiving loans from Benjamin Hornigold Limited (amount of \$1,134,000) and Henry Morgan Limited (amount of \$2,411,000) on 8 August 2018<sup>4</sup> were related party transactions requiring shareholder approval under the Corporations Act? Please confirm what actions were taken by the Company to ensure that the loans entered into by the Company were not related party transactions requiring shareholder approval under the Corporations Act?
- (c) How does the Company, when acting in its capacity as an Investment Manager for Henry Morgan Limited and Benjamin Hornigold Limited, manage any conflicts (actual or perceived) that may arise in connection with loans issued between the Company and Henry Morgan Limited and Benjamin Hornigold Limited?
- (d) Please confirm any outstanding amounts owed to Benjamin Hornigold Limited and Henry Morgan Limited by the Company (including subsidiaries) as at the date of this letter?
- (e) Please confirm any outstanding amounts owed by Benjamin Hornigold Limited and Henry Morgan Limited to the Company (including Subsidiaries) as at date of this letter?
- (f) Given the related party transactions reported in the Company's financial reports, please confirm whether the Company is responsible for the Investment and Management decisions for any of the Subsidiaries noted above. If so which ones?
- (g) Does the Company believe it has complied with the Takeover Panel's order<sup>5</sup> to return the \$4.5 million (including interest) to Benjamin Hornigold Limited within 20 days after the Commencement Date?

Your response should be provided no later than 4pm AEST on 11<sup>th</sup> April 2019. Your response will be released to the market along with a copy of this letter. If you wish to discuss the content of your response, please do not hesitate to contact me as soon as possible.

Please be reminded that the Issuer must comply with Chapter 6CA of the Corporations Act and Listing Rules Section IIA 6.4, 6.5 and 6.5A under continuous disclosure.

Yours sincerely

Ron Kaushik  
**Senior Manager, Market Surveillance**

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<sup>4</sup> Page 5 of JBL's 2018 Annual Report

<sup>5</sup> [https://www.takeovers.gov.au/content/Media\\_Releases/2019/downloads/MR19-008.pdf](https://www.takeovers.gov.au/content/Media_Releases/2019/downloads/MR19-008.pdf)

Dear Mr. Mischewski,

11 April 2019

**John Bridgeman Limited (The "Company" or "JBL")****Financial Disclosure Query**

The National Stock Exchange of Australia (NSX) refers to the following:

1. The Independent Auditor's Review Report of the Company's 2018 Half-yearly Financial Report<sup>1</sup> which states:

***"Material uncertainty related to going concern"***

*We draw attention to Note 2 in the financial report, which indicates that the Group incurred a net loss of \$1,525,777 during the half-year ended 31 December 2018 and, had negative cash flows from operations of \$157,762 for the same half-year period. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern, and therefore, whether it will realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter."*

2. The Independent Expert Report in the Henry Morgan Limited Third Supplementary Target's Statement<sup>2</sup> lodged on 1 April 2019, which states on page 56 of 75:

***"Going concern risks"***

*Since issuance of the HML IER, JBL released its financial report for the half year ended 31 December 2018 on 14 March 2019 which includes JBFG as a consolidated entity of JBL. The report highlighted uncertainty as to the ability of JBL (inclusive of the consolidated operations of JBFG) to operate as a going concern for the second consecutive reporting period.*

*Over the period 30 June 2018 to 31 December 2018:*

- *The cash operating loss decreased from \$3 million in the corresponding period in FY18 to \$0.2 million in the first half of FY19.*
- *The net cash position decreased from \$6.1 million (including the JBL Loan which was included as trade and other payables at 30 June 2018) to net debt of \$5.7 million. The cash balances include currency held as stock in the operation on the retail foreign exchange business. Excluding this balance would result in a net debt position of \$3.0 million as at 30 June 2018 and \$14.2 million as at 31 December 2018.*
- *As at 30 June 2018 JBL had a current asset deficiency of \$3.2 million. However, this included the \$4.5 million JBL Loan as a current liability. Excluding the JBL Loan, which has now been replaced with a non-current loan, there was a current asset surplus of \$1.3 million as at 30 June 2018 which increased to \$2.8 million as at 31 December 2018.*

*JBL's directors have expressed the view that JBL has adequate financial resources to continue as a going concern and that JBL will be able to realise its assets and settle its liabilities in the normal course of business at the amounts stated in the 2019 half year report. We have therefore prepared our analysis of JBFG and JBL on a going concern basis.*

*We consider the going concern risks for the consolidated JBL business pertain largely to JBFG since:*

- *The principal operations of JBL on a stand-alone basis comprise funds management which has limited fixed costs and/or capital requirements. JBL on a stand-alone basis has no external debt as all debt is held within controlled groups or with funds it manages.*
- *JBFG contains a number of operating businesses which have varying degrees of profitability and capital requirements. Given the early stage of development of JBFG, it is not unexpected that losses have been incurred to date.*
- *JBFG has external debt which is secured by the assets/businesses of JBFG.*

*JBFG represents the majority of the direct and indirect investment assets of HML and JBL. As a result, whether or not HML Non-Associated Shareholders accept the HML Offer, they are exposed to any solvency or going concern risks of JBFG. To the extent the HML Offer is successful, this could mitigate this risk due to the potential benefits in terms of scale, alignment of interests and access to capital of Enlarged JBL relative to the status quo."*

John Bridgeman Limited  
Attn: Kevin Mischewski  
Level 9, 123 Eagle Street  
Brisbane, QLD, 4000  
AustraliaVia email:  
[kmischewski@johnbridgeman.com.au](mailto:kmischewski@johnbridgeman.com.au)

<sup>1</sup> <https://www.nsx.com.au/ftp/news/021736621.PDF>

<sup>2</sup> <https://www.nsx.com.au/ftp/news/021736714.PDF>

3. The Company's response<sup>3</sup> to the Periodic Disclosure Query issued on 31 October 2018 where it made reference to Note 2 of the 2018 Annual Report<sup>4</sup>, which explained the steps that the Company has taken subsequent to the end of the financial year and the way in which the Company intends to resolve any material uncertainty:

**'Note 2. Significant accounting policies**

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

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

In light of the above information please respond to the following:

- a. Confirm the basis for and the factors considered by the Directors and the Management team of the Company to satisfy themselves that John Bridgeman Limited has sufficient financial resources to continue as a going concern.
- b. What steps has the Company taken since 30 June 2018 to ensure the solvency of the Company?
- c. What steps have been taken by the Company since the response to the Periodic Disclosure Query was provided on 5 November 2018 until now to achieve the objectives mentioned in point 3 above?
- d. Given the complexity of the group structure and the intra-group transactions, John Bridgeman Limited (as Parent Entity) is requested to provide a breakdown of all the outstanding Borrowings and Lending as at 11 April 2019 by completing the following table for all entities within the reporting group.

**Loans Provided:**

Lender	Recipient	Principal Amount	Interest Rate	Maturity Date of the Loan	Outstanding Amount of the Loan
John Bridgeman Limited (Parent Entity)					

**Loans Received:**

Lender	Recipient	Principal Amount	Interest Rate	Maturity Date of the Loan	Outstanding Amount of the Loan
	John Bridgeman Limited (Parent Entity)				

- e. In relation to the announcement 'John Bridgeman confirms details of JBFG finance facilities'<sup>5</sup> made by Company on 12 December 2018, please confirm:
  - (i) The fixed price of the ordinary shares of JB Financial Group as referred to in the warrants section of the announcement; and
  - (ii) Whether the Company believes that the operation of the Loan Facility has had any impact on JBL?

Your response should be provided no later than 4pm AEST on 18 April 2019. Your response will be released to the market along with a copy of this letter. If you wish to discuss the content of your response, please do

<sup>3</sup> <https://www.nsx.com.au/ftp/news/021736091.PDF>

<sup>4</sup> <https://www.nsx.com.au/ftp/news/021735985.PDF>

<sup>5</sup> <https://www.nsx.com.au/ftp/news/021736269.PDF>

not hesitate to contact me as soon as possible.

Please be reminded that the Issuer must comply with Chapter 6CA of the Corporations Act and Listing Rules Section IIA 6.4, 6.5 and 6.5A under continuous disclosure.

Yours sincerely,

**Ingrid Wei**  
Market Surveillance Analyst