



14 View Street
North Perth, Western Australia, 6006
PO Box 317
North Perth, Western Australia 6906
Telephone + 61 (08) 9328 8400
Facsimile + 61 (08) 9328 8733
Email admin@grandbridge.com.au
Internet www.grandbridge.com.au

ACN 089 311 026

6 August 2015

Mr Dale Allen
Senior Adviser
Listings Compliance (Perth)
Australian Securities Exchange
Level 40
Central Park
152-158 St Georges Terrace
Perth WA

By email: dale.allen@asx.com.au

Dear Mr Allen,

Grandbridge Limited (ASX: GBA) – Response to Appendix 4C Query

We refer to your letter dated 6 August 2015 regarding the Appendix 4C issued by Grandbridge Limited (**Company** or **Grandbridge**) on 20 July 2015 for the quarter ended 30 June 2015. The Company wishes to advise the following in response to your questions:

1. ***ASX is concerned that if the Company were to continue to expend cash at the rate for the quarter indicated by the Appendix 4C, the Company may not have sufficient cash to fund its activities for the following two quarters. Is this the case, or are there other factors that should be taken into account in assessing the Company's position.***

No, this is not the case. The other factors that should be taken into account in assessing the Company's position are set out below:

- (a) The Company expects to continue to fund its business activities through the revenue generated from the provision of its management services. In addition, Grandbridge has outstanding loan balances in excess of \$1.5 million. The Company does not currently intend to call any of these funds, however as the loans are unsecured and repayable on demand, Grandbridge has access to these funds if required.
- (b) The Company also has equity investments in listed entities valued at approximately \$260,000 as at 6 August 2015. These assets are liquid and if required, may be sold to the extent necessary to boost the cash reserves of the Company. Given the availability of revenue from the Company's

management services, there are no current plans to sell down the Company's current investments.

- (c) Cash flow forecasts indicating sufficient ongoing cash resources for a period in excess of the current financial year have been prepared and will be audited as part of the financial year audit for the year ended 30 June 2015. The Company's expenditure will continue to be reviewed on a monthly basis against these forecasts to ensure there are no major deviations.
- (d) Grandbridge will also continue to explore new business ventures to generate additional operating revenue for the Company.

2 *Does the Company expect that in the future it will have negative operating cash flows similar to that reported in the Appendix 4C for the quarter and, if so, what steps has it taken to ensure that it has sufficient funds in order to continue its operations at that rate?*

During the current quarter, the Company expects to incur normal business expenditure to ensure it is able to meet its business objectives, however the Company expects receipts from customers to be higher as a result of a recent increase in the recovery of fees for these services. This will assist the Company in meeting its operating expenditure going forward.

The Company has also implemented further cost cutting measures to reduce current expenditure which includes notable reductions in the operating expenditure of the Company. These reductions have been achieved by reduced staff numbers and a review of all external services contracts to streamline expenses within the business. It is expected that the reductions achieved will begin to be evident in the 1st quarter of the current financial year but the full impact should be felt from the 2nd quarter onwards.

Accordingly, the Company anticipates that it will continue to incur negative operating cash flows, but at a reduced level to the previously reported operating cash flows. These will be supported by the Company's ability to generate cash as described at Point 1.

3 *What steps has the Company taken, or what steps does it propose to take, to enable it to continue to meet its business objectives?*

Please refer to Point 2.

4 *Can the Company confirm that it is in compliance with the listing rules, and in particular, listing rule 3.1?*

The Company confirms that it is in compliance with the listing rules and, in particular, listing rule 3.1. Grandbridge will continue to make full disclosure to the market in accordance with the listing rules.

5 ***Please comment on the Company's compliance with listing rule 12.2, with reference to the matters discussed in the note to the rule.***

As noted at Point 1(b), Grandbridge has access to listed investments that are currently valued at approximately \$260,000 and these assets could be sold as required. However, the Company does not have any plans to sell down these assets at this time as it does not believe it is required.

Yours sincerely



Deborah Ambrosini
Director and Company Secretary



6 August 2015

Ms Deborah Ambrosini
Company Secretary
Grandbridge Limited

By email: deborah@grandbridge.com.au

Dear Deborah

Grandbridge Limited (the "Entity")

I refer to the Company's quarterly report for the period ended 30 June 2015, released to ASX Limited ("ASX") on 20 July 2015 (the "Appendix 4C").

ASX notes that the Appendix 4C reported the following as at 30 June 2015:

1. Receipts from customers of \$63,000.
2. Negative operating cash flow expenditure for the June quarter of \$85,000.
3. Cash balance of \$103,000.

In light of the information contained in the Appendix 4C, please respond to each of the following questions.

1. ASX is concerned that if the Company were to continue to expend cash at the rate for the quarter indicated by the Appendix 4C, the Company may not have sufficient cash to fund its activities for the following two quarters. Is this the case, or are there other factors that should be taken into account in assessing the Company's position?
2. Does the Company expect that in the future it will have negative operating cash flows similar to that reported in the Appendix 4C for the quarter and, if so, what steps has it taken to ensure that it has sufficient funds in order to continue its operations at that rate?
3. What steps has the Company taken, or what steps does it propose to take, to enable it to continue to meet its business objectives?
4. Can the Company confirm that it is in compliance with the listing rules, and in particular, listing rule 3.1?
5. Please comment on the Company's compliance with listing rule 12.2, with reference to the matters discussed in the note to the rule.

Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in the rule.

In responding to this letter you should consult listing rule 3.1 and the guidance note titled "Continuous disclosure: listing rule 3.1".

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

This letter and your response will be released to the market. If you have any concerns about your response being released, please contact me immediately. Your response should be sent to me by email to dale.allen@asx.com.au. It should not be sent to the ASX Market Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than **5:00 pm WST on Wednesday, 12 August 2015**.

If you are unable to respond by the time requested you should consider a request for a trading halt in the Company's securities.

If you have any further queries please let me know.

Yours sincerely,

[sent electronically without signature]

Dale Allen
Senior Adviser, Listings Compliance (Perth)