

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 Report¹ 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 Statement² 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
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¹ <https://www.nsx.com.au/ftp/news/021736621.PDF>

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

3. The Company's response³ to the Periodic Disclosure Query issued on 31 October 2018 where it made reference to Note 2 of the 2018 Annual Report⁴, 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'⁵ 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

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

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

⁵ <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