

Dear Ms Wright,

14 May 2019

John Bridgeman Limited (the "Company" or "JBL")

General Disclosure Query

The National Stock Exchange of Australia (**NSX**) refers to the Suspension status of the Company's securities from the Official Quotation and the ongoing queries with the Company.

John Bridgeman Limited
Attn: Jody Wright
Level 9, 123 Eagle Street
Brisbane, QLD, 4000
Australia

Financial Reporting Information

NSX notes the following information that is publicly available.

Via email:
jody@johnbridgeman.com.au

- a) JB Financial Group's Annual Report for the year end 30 June 2017 states:
- o *Page 35/43 - JBFG (formerly JB Broking) was incorporated on 11 July 2016, with BRL acquiring 720 shares at \$1 per share. At the same time, an entity associated with Stuart McAuliffe also acquired 240 shares for \$1 per share. Stuart McAuliffe is a common director of HML, JBFG and BRL. In August 2016, HML acquired 300 shares in JBFG by way of transfer from BRL at \$167 per share. Shares were also transferred to third parties on similar terms.*

In December 2016, JBFG issued a total of 307 additional shares (which equated to 3,070,000 shares after a subsequent share split on 10000:1 basis) valued at \$8,180,000. The issue was made up of 235 shares issued to HML and 72 shares issued to BRL.

- b) Capital Structure and Financing

JB FINANCIAL GROUP LTD ACN 613 592 135
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

E. CAPITAL STRUCTURE AND FINANCING

E1. CAPITAL

	2017
a. Share capital	Shares
Ordinary shares	25,303,788
Movements in shares on issue:	\$
1,200 ordinary shares issued at \$1.00 on 11 July 2016	1,200
235 ordinary shares issued at \$26,595.74 on 9 December 2016	6,250,000
72 ordinary shares issued at \$26,805.56 on 30 December 2016	1,930,000
15,068,493 ordinary shares issued on 3 March 2017 (share split 1:10,000)	-
3,119,384 ordinary shares issued at \$5.51 on 26 April 2017 ¹	17,187,806
256,080 ordinary shares issued at \$5.86 on 27 April 2017 ²	1,500,000
362,976 ordinary shares issued at \$5.51 on 25 May 2017	1,999,998
6,495,348 shares issued at \$6.14 on 5 June 2017 ³	39,881,436
Balance at the end of the year	<u>68,750,440</u>

¹\$7,187,806 was settled with the acquisition of King's (and Harnewei) on 26 April 2017.

²\$1,500,000 was settled with the acquisition of Alpha Broking & HPH Holding on 27 April 2017.

³\$39,881,436 was settled with the acquisition of Risk & Security Management Group on 5 June 2017.

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The ordinary shares have no par value and the Company does not have a limited amount of authorised share capital.

Questions

NSX has reviewed the Company's response dated 8 May 2019 which states:

- 2. How did the Company satisfy itself that the increase in share price of JB Financial Group Pty Ltd between July 2016 and December 2016 was justified?**

Response:

The Company reviews the financial forecasts, internal management valuations and accounts of JB Financial Group, together with comparable external transactions, and obtains advice where appropriate from advisors and other professionals, to satisfy itself that any movements in the share price of JB Financial Group are justifiable. This process was undertaken during the period in question.

- 3. Which individuals did the Company, in its role as Investment Manager, interact with at JB Financial Group to facilitate the investments in December 2016?**

Response:

In its role as investment manager, representatives of John Bridgeman interacted with certain members of the Board of JB Financial Group, as well as representatives of the business divisions within (or in the process of being acquired by) JB Financial Group, in order to obtain information regarding the proposed investment. Across the period from August to December 2016, various meetings and discussions were held between representatives of John Bridgeman and representatives of JB Financial Group. In terms of key interactions, John Bridgeman Limited in its role as investment manager, interacted with:

- Jim Stewart-Koster in relation to foreign exchange;
- Daren Markisic in relation to broking and trading;
- Peter Aardoom and Michael Martin regarding JB Financial's overall business strategy and plans.

and requests that the Company respond to the following:

- 1) With regards to the Company's response to question 2, please provide copies of the specific financial forecasts, internal management valuations, accounts of JB Financial Group Pty Ltd, and the advice received from advisors and other professionals which is referred to by the Company as justifying the increase in share price of JB Financial Group Pty Ltd between July 2016 and December 2016.
- 2) With regard to the Company's response to question 3 and noting the '*Movement in shares on issue*' in point b) above, NSX refers to the following investments made as investment manager by the Company in JB Financial Group Pty Ltd in December 2016 (the **Investments**):
 - 235 shares issued to Henry Morgan Limited at \$26,595.74 on 9 December 2016; and
 - 72 shares issued to Bartholomew Roberts Pty Ltd at \$26,805.56 on 30 December 2016
 - i) Please provide the details of the individuals within the Company that initiated the investment process or obtained details from the Board or other representatives of JB Financial Group Pty Ltd to facilitate the Investments.
We note key interactions took place with the following individuals from JB Financial Group:
 - Jim Stewart-Koster in relation to foreign exchange
 - Darren Markisic in relation to broking and trading
 - Peter Aardoom and Michael Martin regarding JB Financial's overall business strategy and plans.
 - ii) Please provide the details of the individuals within the Company who approved and/or signed off on the Investments.
 - iii) Please provide the details of the individuals from JB Financial Group Pty Ltd that the Company discussed and agreed the share issue prices with in relation to the Investments.

- iv) Please provide details of the '*certain members of the Board of JB Financial Group*' that John Bridgeman interacted with as referred to in the Company's response above.
 - v) Please provide the details of the individuals from JB Financial Group Pty Ltd who approved and/or signed off on the share placements in relation to the Investments.
 - vi) The Company is requested to provide the records of all meetings and discussions held between representatives of the Company and representatives of JB Financial Group Pty Ltd held between August to December 2016 referred to in the Company's response above.
- 3) As investment manager the Company is requested to explain why in August 2016 Henry Morgan Limited acquired 300 shares in JB Financial Group Pty Ltd by way of transfer from Bartholomew Roberts Pty Ltd at \$167 per share, then in December 2016 paid \$26,595.74 per share? How was the purchase price of \$167 per share determined to be reasonable by the Company? Was any consideration given to the fact that Bartholomew Roberts Pty Ltd received those shares at \$1 per share on 11 July 2016?
- 4) Please provide details of who the '*entity associated with Stuart McAuliffe*' is as referred to in point a) above.
- 5) As investment manager and the parent entity for Bartholomew Roberts Pty Ltd. please provide the Annual Report for the Company's subsidiary Bartholomew Roberts Pty Ltd. for year end 30 June 2018.

Your response should be provided no later than 4pm AEST on 16 May 2019. Your response will be released to the market with this letter. If you wish to discuss the content of your response, please do not hesitate to contact me as soon as possible.

Yours sincerely

Ron Kaushik
Senior Manager – Market Surveillance