



JOHN BRIDGEMAN LIMITED
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JOHN.BRIDGEMAN

5 November 2018

Ms I Wei
Market Surveillance Analyst
National Stock Exchange of Australia Limited
1 Bligh Street
Sydney NSW 2000

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Dear Ms Wei

John Bridgeman Limited: Periodic Disclosure Query

Our responses to your letter dated 31 October 2018 are set out below.

Variance between the accounts

The Company notes that at the time it lodged the Preliminary Final Report, the Company had been working with its auditors on finalisation of the numbers in the Company's audited accounts. At the time of lodgement, the Company was of the understanding that the accounts were correct and would not require significant adjustment prior to lodgement of the audited financial statements. Subsequently, the Company's auditors required material adjustments to the recorded carrying amounts of its assets one week prior to the lodgement deadline of 28 September 2018. All of the differences noted below arise from these adjustments.

Amount Account	Preliminary Financial Report	Annual Financial Report	Difference	Percentage %	Reason for variance
Other income/(losses)	\$(2,325,979)	\$(2,737,440)	\$411,461	17.7%	a.
Impairment expenses	\$(2,124,346)	\$(7,678,926)	\$5,554,580	261%	b.
Cash and cash equivalents	\$22,349,172	\$18,919,135	\$3,430,036	15.3%	c.
Trade and other receivables	\$9,794,510	\$9,087,701	\$706,809	7.2%	d.
Balances held with brokers	\$0	\$3,414,108	\$3,414,108	N/A	c.
Intangibles	\$47,304,820	\$42,880,855	\$4,423,965	9.4%	e.
Income tax	\$3,029,525	\$80,851	\$2,948,775	97.3%	f.

Note references below refer to the Notes to the financial statements in the Company's Annual Report for the year ended 30 June 2018. Terms used below have the same meaning as in the Company's 2018 Annual Report.

- a. Refer to Note 6 and Note 20. John Bridgeman Limited holds 3,165,083 Henry Morgan Limited ordinary shares. The fair value recorded for the shares was adjusted from \$3,993,358 to \$3,581,897. \$411,461 was recorded as a Net loss on financial instruments at fair value through profit or loss.
- b. Refer to Note 17(a). At 30 June 2018, the reported fair value of JB Financial Group Pty Ltd shares was \$4.65 per share. On 12 September 2018 the Company acquired 814,882 JB Financial Group Pty Ltd shares at a value of \$5.51 per share in settlement of an outstanding receivable. An impairment adjustment of \$700,799 was recorded reflecting the difference in the reported fair value of JB Financial Group Pty Ltd shares at 30 June 2018 and the consideration paid for the shares on 12 September 2018.

Refer to Note 22. Group entities hold franchise licences. Impairment adjustments totalling \$4,211,595 were recorded against the carrying amount of the franchise licences.

Refer to Note 22. Group entities have incurred software development costs. Impairment adjustments totalling \$642,186 were recorded against the carrying amount of those software development costs.

Impairment expenses differences	\$
Impairment of Receivable in respect of issue of shares by Group entities (<i>increase</i>)	700,799
Impairment of franchise licences (<i>increase</i>)	4,211,595
Impairment of software development costs (<i>increase</i>)	642,186
Total impairment expense differences	5,554,580

- c. Reclassification of amounts from Cash and cash equivalents:

Amounts reclassified in the Statement of financial position	\$
Cash and cash equivalents (<i>decrease</i>)	(3,430,036)
Balances held with brokers (<i>increase</i>)	3,414,108
Derivative financial assets (<i>increase</i>)	15,928
Reconciliation of amounts reclassified	0

- d. Refer to note 17(a). At 30 June 2018, the reported fair value of JB Financial Group Pty Ltd shares was \$4.65 per share. On 12 September 2018 the Company acquired 814,882 JB Financial Group Pty Ltd shares at a value of \$5.51 per share in settlement an outstanding receivable. An impairment adjustment of \$700,799 was recorded reflecting the difference in the reported fair value of JB Financial Group Pty Ltd shares at 30 June 2018 and the consideration paid for the shares on 12 September 2018.

Reduction in amounts receivable from Henry Morgan Limited and Benjamin Hornigold Limited was due to reductions in the amount of management fees receivable as a result of valuation changes recorded in the accounts of Henry Morgan Limited and Benjamin Hornigold Limited.

Trade and other receivables differences	\$
Impairment of Receivable in respect of issue of shares by Group entities <i>(decrease)</i>	(700,799)
Reduction in management fees receivable from Henry Morgan Limited and Benjamin Hornigold Limited <i>(decrease)</i>	(6,010)
Trade and other receivables differences	(706,809)

- e. Refer to Note 22. Group entities hold franchise licences. Impairment adjustments totalling \$4,211,595 were recorded against the carrying amount of the franchise licences.

Refer to Note 22. Group entities have incurred software development costs. Impairment adjustments totalling \$642,186 were recorded against the carrying amount of those software development costs.

Refer to Note 22. Other intangible assets. Carrying amount increased to \$129,074.

Intangibles differences	\$
Impairment of franchise licences <i>(decrease)</i>	(4,211,595)
Impairment of software development costs <i>(decrease)</i>	(642,186)
Other intangible assets <i>(increase)</i>	129,074
Intangibles differences	(4,423,965)

- f. Reclassification of amounts from Current liabilities – Income tax:

Amounts reclassified in the Statement of financial position and the Statement of profit or loss	\$
Income tax liability <i>(decrease)</i>	(2,948,775)
Deferred tax asset <i>(decrease)</i>	515,399
Deferred tax liabilities <i>(increase)</i>	2,630,170
Income tax benefit <i>(decrease)</i>	(196,793)
Rounding difference	(1)
Reconciliation of amounts reclassified	0

The status of the Company as a going concern

- a. Refer to Note 2. Significant accounting policies – Going concern in the Notes to the financial statements. 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 that may exist are set out in the going concern note.

- b. The Company is of the view that any concerns around material uncertainty will have no impact on the proposed off-market takeover offers to acquire all of the shares in Henry Morgan Limited and all of the shares and options in Benjamin Hornigold Limited.

Yours faithfully



Kevin Mischewski
Company Secretary
John Bridgeman Limited