

TOMIZONE LIMITED Australia

Level 32, 101 Miller Street,
North Sydney 2060
P: P: +61 2 9025-3995
[Web: www.tomizone.com](http://www.tomizone.com)

New Zealand

110 Wairau Road
Wairau Valley, Auckland 0627
P: + 64 9 974-3950 **W**:
[E: enquiry@tomizone.com](mailto:enquiry@tomizone.com)

**7 February 2018**

Mrs C Hope
Senior Adviser
ASX Listings Compliance
20 Bridge Road
SYDNEY NSW 2000

By email

Dear Ms Hope

RESPONSE TO APPENDIX 4C QUERY

We refer to your letter dated 1 February 2018 with respect to Tomizone Limited's (**TOM** and/or the **Company**) Appendix 4C quarterly report for the period ended 31 December 2017 (**Appendix 4C**) and respond to your queries in the same order as raised:

- 1. Does TOM expect that it will continue to have negative operating cash flows for the time being and, if not, why not?**

No, the Company does not expect to continue to have negative operating cash flows. As advised in previous ASX announcements, TOM completed two complementary acquisitions, being Bluesky Online Services Limited (**Bluesky**) and New Zealand based managed services company Ironman Group Limited (**Ironman**) in the December 2017 quarter. These two acquisitions have significantly increased TOM's overall size, both from a revenue and cost perspective. During the December 2017 quarter TOM's cash receipts began to increase, driven by increased revenues from these acquisitions. TOM's cash receipts will continue to increase as revenues are converted into cash receipts over the coming months.

TOM's internal financial forecasts estimate cash receipts for the March 2018 quarter to be more than the estimated cash outflows set out in the Appendix 4C of \$1,565,000. The Company advises that forecast cash receipts for January 2018 (being the first month in the March 2018 quarter) were met.

- 2. Has TOM taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?**

As stated in the Business Update accompanying the Appendix 4C (**Business Update**), the Company is currently assessing its capital requirements in line with its revenue growth projections. This includes options to raise capital in the first half of 2018.

Further, we note that, in order to ensure the Company has flexibility regarding its capital raising options, TOM sought and received approval to issue up to \$2M worth of new TOM

For personal use only

shares in a future capital raising (**Future Placement Shares**). The funds raised from the issue of the Future Placement Shares will be used to retire debt, acquire business and general working capital both in Australia and New Zealand.

3. Does TOM expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Yes. The restructuring of the Company, including the acquisitions of Bluesky and Ironman have substantially increased TOM's recurring and reliable revenue streams, while also boosting contracted future revenues to ~ \$3.5M.

The result of the acquisitions and restructure is a business with recurring and repeatable revenues of circa \$465k per month (together with other one off sales) as at December 2017 – increasing to over \$600k per month in the coming months.

As noted above and in the Business Update, the integration of Bluesky and Ironman Group has been substantially completed which has included significantly increased revenues together with cost savings in excess of \$2m per annum. Further, one of costs associated with the restructure have largely now been incurred, and are expected to have completely passed through the Company's cashflow by the end of the March 2018 quarter.

As mentioned above, the Company is also assessing the ongoing needs of the business following the recent acquisitions and contemplating a future capital raise, should the need arise.

4. Please confirm that TOM is in compliance with Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition in accordance with that Rule that has not already been released to the market.

Confirmed.

5. Please confirm that TOM's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of TOM with delegated authority from the board to respond to ASX on disclosure matters.

Confirmed.

Yours sincerely



Eryn Kestel
Company Secretary



1 February 2018

Ms Eryn Kestel
Company Secretary
Tomizone Limited
Level 32,
101 Miller Street,
North Sydney, NSW, 2060

By email:

Dear Ms Kestel

Tomizone Limited (“TOM”): Appendix 4C Query

I refer to TOM’s Appendix 4C quarterly report for the period ended 31 December 2017 lodged with ASX Market Announcements Platform and released on 31 January 2018 (the “Appendix 4C”).

ASX notes that TOM has reported:

- negative net operating cash flows for the quarter of \$692,000;
- cash at the end of the quarter of \$320,000; and
- estimated cash outflows for the next quarter of \$1,565,000.

It is possible to conclude, based on the information in the Appendix 4C, that if TOM were to continue to expend cash at the rate indicated by the Appendix 4C, TOM may not have sufficient cash to continue funding its operations. In view of that, ASX asks TOM to answer separately each of the following questions and provide the following confirmations in a format suitable for release to the market in accordance with Listing Rule 18.7A:

1. Does TOM expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has TOM taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
3. Does TOM expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Please confirm that TOM is in compliance with Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition in accordance with that Rule that has not already been released to the market.
5. Please confirm that TOM’s responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of TOM with delegated authority from the board to respond to ASX on disclosure matters.

For personal use only

Please also provide any other information that TOM considers may be relevant to ASX forming an opinion on whether TOM is in compliance with Listing Rule 12.2 (a listed entity's financial condition must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing).

When and where to send your response

This request is made under, and in accordance with Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than 9.30 am AEDT on Thursday 8 February 2018. If we do not have your response by then, ASX will have no choice but to consider suspending trading in TOM's securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, TOM's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at charlotte.hope@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1

Listing Rule 3.1 requires a listed 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. Exceptions to this requirement are set out in Listing Rule 3.1A.

In responding to this letter, you should have regard to TOM's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

It should be noted that TOM's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in TOM's securities under Listing Rule 17.1.

If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.



You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely,

[Sent electronically without signature]

Charlotte Hope
Senior Adviser, Listings Compliance (Sydney)

For personal use only