



21 February 2019

Ms Lisa Banh
Senior Adviser
Listing Compliance (Sydney)

By Email: Lisa.Banh@asx.com.au

Dear Lisa,

Re: 1ST Group Limited (ASX:1ST)

We refer to your letter dated 18 February 2019 and adopting the same paragraph numbering as contained therein respond as follows:

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

1ST expects to continue to have negative operating cash flows for the time being. These negative cash flows will be in line with previous quarters and thereafter reducing. Depending on sales the Board anticipates improvement in the negative operating cash flows over time.

- 2. Has 1ST 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 announced to the market, in December 2018, 1ST closed a rights issue. Pursuant to the ASX listing rules, 1ST has the ability to place the shortfall should it wish to do so. The Company is currently considering alternatives in this regard. In addition, the Company has secured an additional standby credit facility of \$1m. Given its previous track record and demonstrated ability to raise equity capital and debt finance when required the Board is confident in its ability to fund the business as and when required.

- 3. Does 1ST expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?**

1ST expects to be able to continue its operations and to meet its business objectives, on the basis of positive developments within the business which will lead to 1ST reducing its cash outflows and

increasing its revenue in the near term. Additionally, 1ST expects to be able to raise cash and utilise its debt facilities as required to fund its business.

4. Please confirm that 1ST is complying with Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition under that rule that has not already been released to the market.

We confirm that the Company is in compliance with the Listing Rules and in particular Listing Rule 3.1.

5. Please confirm that 1ST'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 1ST with delegated authority from the board to respond to ASX on disclosure matters.

1ST confirms that the response to the questions above have been authorised and approved in accordance with its published continuous disclosure policy and has been authorised by the Board of Directors of 1ST.

Please also provide any other information that 1ST considers may be relevant to ASX forming an opinion on whether 1ST is complying with Listing Rule 12.2 that 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.

As at 31 December 2018 the Company had cash on hand of \$519,000 and access to credit facilities of \$1m (undrawn). Based on the current negative cash outflows the Company has sufficient capital to fund its operations. However, as revenues increase, the Board anticipates that the negative cash outflows will lessen.

Please do not hesitate to contact me if you require anything further.

Yours Faithfully
1ST Group Limited



Andrew Whitten
Company Secretary



18 February 2019

Mr Andrew Whitten
Company Secretary

By email:

Dear Mr Whitten

1st Group Limited ('1ST'): Appendix 4C Query

ASX refers to 1ST's Appendix 4C quarterly report for the period ended 31 December 2018 lodged with the ASX Market Announcements Platform and released on 29 January 2019 (the 'Appendix 4C').

ASX notes that 1ST has reported:

- negative net operating cash flows for the quarter of \$859,000;
- cash at the end of the quarter of \$519,000; and
- estimated cash outflows for the next quarter of \$1,818,000.

It is possible to conclude, based on the information in the Appendix 4C, that if 1ST were to continue to expend cash at the rate indicated by the Appendix 4C, 1ST may not have sufficient cash to continue funding its operations.

Request for Information

In view of that, ASX asks 1ST to answer separately each of the following questions and provide the following confirmations in a format suitable for release to the market under Listing Rule 18.7A:

1. Does 1ST expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has 1ST 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 1ST expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Please confirm that 1ST is complying with Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition under that rule that has not already been released to the market.
5. Please confirm that 1ST'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 1ST with delegated authority from the board to respond to ASX on disclosure matters.

Please also provide any other information that 1ST considers may be relevant to ASX forming an opinion on whether 1ST is complying with Listing Rule 12.2 that 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 Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **9.30 AM AEDT Thursday, 21 February 2019**.

If we do not have your response by then, ASX will have no choice but to consider suspending trading in 1ST'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, 1ST'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 ListingsComplianceSydney@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 and 3.1A

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 1ST'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 1ST'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 1ST's securities under Listing Rule 17.1. If you wish to request 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*.

Enquiries

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

Regards

Lisa Banh
Senior Adviser, Listings Compliance (Sydney)