



**RedFlow Limited**  
ACN 130 227 271

26 February 2019

Elvis Onyura  
Senior Advisor, Listings Compliance  
ASX Limited  
20 Bridge Street  
Sydney NSW 2000

Dear Mr Onyura

**Response to Appendix 4C query**

I refer to your letter dated 21 February 2019 regarding Redflow Limited (Company) and respond as follows adopting the numbering in your letter.

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

The Company's key priorities in the 2018 calendar year were, first, to consolidate and expand its manufacturing capability after relocating its outsourced manufacturing facility from Mexico to its own insourced manufacturing facility in Thailand and, second, to focus on sales and revenue.

Progress has been made on both these priorities, as disclosed in the 31 January 2019 announcement.

The Company continues to build on the sales momentum achieved in 2018. However, until the ongoing market penetration and acceptance of Redflow's product translates into increased sales volumes, the Company expects that it will continue to have negative operating cash flows.

**2 Has the Company 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?**

The Company monitors regularly its cash requirements and sources of funding.

As disclosed, Redflow received \$1,751,567 by way of a R&D tax rebate in January 2019.

Based on the Company's current commercial position and prospects, it considers that there is a reasonable basis to believe that future funding will be available to it through operating income, equity, debt or combination of these sources.

As noted in the 2018 AGM Chairman's address, Management and the Board have been evaluating potential sources of working capital to support the Company's long term growth strategy.

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

Based on its current commercial position and prospects, the Company believes it will be able to continue its operations to meet its business objectives.

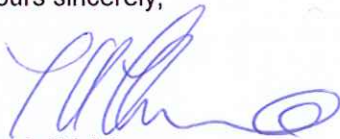
- 4 **Please confirm that the Company is in compliance with Listing Rule 3.1 and there is no information that should be given to ASX about its financial condition in accordance with that Rule that has not already been released to the market.**

The Company is in compliance with Listing Rule 3.1 and there is no materially price sensitive information that should be given to the ASX about its financial condition that has not already been released to the market.

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

The responses in this letter have been authorised and approved by an officer of the Company with delegated authority from the Board to respond to ASX's letter.

Yours sincerely,



Trudy Walsh  
CFO and Company Secretary



21 February 2019

Ms Trudy Walsh  
Chief Financial Officer & Company Secretary  
Redflow Limited  
1/27 Counihan Road  
Seventeen Mile Rocks QLD 4073

By email:

Dear Ms Walsh

**Redflow Limited ('RFX'): Appendix 4C Query**

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

ASX notes that RFX has reported:

- negative net operating cash flows for the quarter of \$4,954,000;
- cash at the end of the quarter of \$7,857,000; and
- estimated cash outflows for the next quarter of \$4,130,000.

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

**Request for Information**

In view of that, ASX asks RFX 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 RFX expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has RFX 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 RFX expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Please confirm that RFX 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 RFX'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 RFX with delegated authority from the board to respond to ASX on disclosure matters.

Please also provide any other information that RFX considers may be relevant to ASX forming an opinion on whether RFX 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 **9:00 AM AEDT Wednesday, 27 February 2019**.

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If we do not have your response by then, ASX will have no choice but to consider suspending trading in RFX'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, RFX'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](mailto: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 RFX'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 RFX'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 RFX'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.

Yours sincerely

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**Elvis Onyura**  
Senior Adviser, Listings Compliance (Sydney)