

8th August 2019

Lisa Banh

Senior Adviser, Listings Compliance (Sydney)

ASX Limited

Lisa.Banh@asx.com.au

Re: Response to ASX Letter dated 6th August 2019

We refer to your letter dated 6th August 2019 and respond to each of the points as follows:

- 1/ As explained in the Appendix 4C Report, The Company does not expect to have continued negative cashflow due to the following factors:
 - o Accounts receivable from clients as at 30 June 2019 was \$806k due to the volume of revenue generated in Q4 FY19 and yet to be collected at the end of the quarter.
 - o The initial investment in building out the additional teams was allocated with the objective of increasing the revenue of The Company when these teams are being utilised at full capacity.
 - o Furthermore, we expect to generate revenue of \$3.7m in the quarter ending 30 September 2019.
- 2/ As explained in the Appendix 4C Report, The Company does not intend to take steps to raise further capital due to:
 - o The Company has an interest free \$2,000k working capital loan facility with its parent entity. As at 30 June 2019, \$830k has been used under this facility.
- 3/ Further to the answers to Questions 1 & 2, The Company expects to be able to meet its business objectives.
- 4/ As explained in the Appendix 4C Report, The Company is of the view that it is in compliance with Listing Rule 3.1.
- 5/ This disclosure is made by an officer of FFC with delegated authority from the board to respond to ASX on disclosure matters.



Harry Simeonidis

Director



About FarmaForce

FarmaForce is a contract sales organisation (CSO) offering innovative sales solutions to the Australian Pharmaceutical Industry. FarmaForce provides clients with a broad and unique range of sales force solutions extending from shared or syndicated teams right through to fully managed dedicated teams on a national level. FarmaForce promote clients' products to healthcare professionals, being general practitioners, specialists and pharmacists. FarmaForce also provide nurse teams, pharmacy merchandising teams and digital detailing solutions.

www.farmaforce.com.au

About The IQ Group Global

The IQ Group Global provides a turnkey solution for life sciences companies, spanning corporate advisory and investment banking, through to research, development, commercialisation and sales. The Group facilitates an end to end solution along the drug lifecycle creating the medicines of tomorrow.

www.theiqgroupglobal.com.au

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6 August 2019

Mr Gerardo Incollingo
Company Secretary
Farmaforce Limited

By email:

Dear Mr Incollingo,

Farmaforce Limited ('FFC'): Appendix 4C Query

ASX refers to FFC's Appendix 4C quarterly report for the period ended 30 June 2019 lodged with the ASX Market Announcements Platform and released on 31 July 2019 (the 'Appendix 4C').

ASX notes that FFC has reported:

- negative net operating cash flows for the quarter of \$637,000;
- cash at the end of the quarter of \$173,000; and
- estimated cash outflows for the next quarter of \$3,545,000.

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

Request for Information

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

Please also provide any other information that FFC considers may be relevant to ASX forming an opinion on whether FFC 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 AEST Friday, 9 August 2019**.

If we do not have your response by then, ASX will have no choice but to consider suspending trading in FFC'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, FFC'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 FFC'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 FFC'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 FFC'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)