



**16 September 2019**

The Manager  
Company Announcements  
Australian Securities Exchange  
Level 5, 20 Bridge Street  
SYDNEY NSW 2000

Attention: George Tharian, Adviser, Listings Compliance (Sydney)

We refer to your letter dated 4 September 2019 and respond to your questions, using your numbering, as follows:

1. Yes, however we expect the Company's negative operating cash flows will be further reduced. The Company's cost cutting measures have now largely been effected resulting in a reduction in operating expenses.
2. Yes. The Board of the Company, namely Stephen Quantrill, is assessing a number of options available to it to fund its ongoing operations including a potential equity raising and conversion of existing debt to equity. Based on initial discussions, the Board believes that there are reasonable prospects for success for one or both of these measures to succeed. Further details on the proposed equity raising and conversion of debt to equity will be announced shortly after a cleansing notice or prospectus is issued.
3. Yes, the Company expects to be able to continue its operations and meet its business objectives. Refer to 1 and 2 above.
4. The amount of \$111,257 included in the total cash and cash equivalents at the end of the quarter is part of the total cash position of IBN as at 30 June 2019. A reference was provided to identify \$111,257 as being restricted cash held in trust as per previous 4C quarterly reports. Further, in certain real estate transactions the trust account funds are retained by iBuyNew for commissions payable to the Company; this usually occurs for properties that are sold and settle within a 3 month period.

Of the restricted cash held as at 30 June 2019, \$94,077 was held in the rental management trust accounts while the remaining was held in sales trust accounts. Of the rental management trust accounts approximately 5% will be payable to iBuyNew in commissions and in this particular instance all sales trust funds will be either forwarded to developer's solicitors trust accounts or returned to clients.

5. The Company's understanding of point 8.1 was for additional loan amounts to be added not drawn loan amounts. This has been rectified in the revised Appendix 4C.
6. There was a variance in the cash at bank balance as at 30 June 2019 in regards to administration and corporate costs. The variance arose due to the Company's accounting software assuming that accounts payable uploaded for payment are paid in cash. When the Appendix 4C was prepared those payments were due to be made however they were not paid on that day and were reversed in the Company's accounting system on a future date. Therefore, the correct cash at bank as at 30 June 2019 was \$278K, not the \$212K reported on the original Appendix 4C due to this system error.

This has been rectified the revised Appendix 4C.



7. The Company confirms that IBN is in compliance with Listing Rule 3.1.
8. The Company confirms that these responses have been authorized and approved in accordance with the published continuous disclosure policy.

The Company is not aware of any other information that it considers may be relevant to ASX forming an opinion on whether the Company is in compliance with ASX Listing Rule 12.2, in addition to the matters disclosed above.

For any questions, please contact the undersigned below.

Yours faithfully,

Bill Nikolouzakis  
CEO  
M: 1300 123 463



4 September 2019

Reference: 06637

Mr Bob Ker  
Company Secretary  
iBuyNew Group Limited  
Level 1, 50 Berry Street  
North Sydney NSW 2060

By email

Dear Mr Ker

**iBuyNew Group Limited ('IBN'): Appendix 4C Query**

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

ASX notes that the Appendix 4C disclosed the following:

- net operating cash outflows for the quarter of \$161,000;
- net operating cash outflows for the year to date (12 months) of \$1,121,000;
- cash at the end of the quarter of \$212,000 of which \$111,257 is restricted cash held on trust;
- estimated cash outflows for the next quarter of \$781,000; and
- estimated settlement commission (cash inflows) of approximately \$432,000 for the next quarter.

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

ASX also refers to the following:

- A. IBN's Appendix 4C quarterly report for the period ended 31 March 2019 released on MAP on 30 April 2019, which disclosed the following at item 8.1 (Financing facilities available):
  - i) a loan facility of \$1,950,000 at 31 March 2019; and
  - ii) that \$1,950,000 was drawn on the loan facility at 31 March 2019 (i.e. it was fully drawn).
- B. Item 8.1 of the Appendix 4C which disclosed:
  - i) a loan facility of \$1,885,000 at 30 June 2019; and
  - ii) that no amount (nil) was drawn on the loan facility at 30 June 2019 (i.e. it was undrawn).
- C. Item 8.4 of the Appendix 4C, which included the following statement in relation to the loan facility:

*'During Q4 FY 2019, the Loan Facility was reduced from \$1,950,000 to \$1,885,000 as a result of the sale of the WA Rent Roll for \$65,000 in June 2019. The proceeds from the sale were used to repay a portion of the loan to the lenders.'*

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- D. IBN's unaudited Preliminary Final Report for the year ended 30 June 2019 released on MAP on 2 September 2019 ('Preliminary Final Report'), which disclosed:
- i) Cash and cash equivalents of \$277,598 at 30 June 2019 (in the Statement of Financial Position);
  - ii) Loans and borrowings of \$1,885,000 (in the Statement of Financial Position); and
  - iii) Net cash used in operating activities of \$1,057,693 for FY2019 (in the Statement of Cash Flows).

### Questions and Request for Information

Having regard to the above, ASX asks IBN 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 IBN expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has IBN 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 IBN expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Please explain why IBN included \$111,257 of 'restricted cash held on trust' in cash and cash equivalents at 30 June 2019 in the Appendix 4C.
5. ASX notes that IBN's loan facility appears to have been fully drawn to \$1,885,000 at 30 June 2019. Please explain why IBN reported that the loan facility was undrawn at 30 June 2019.
6. Please reconcile and explain the difference between the net operating cash outflows for FY2019 reported in the Appendix 4C (\$1,121,000) and the Preliminary Final Report (\$1,057,693).
7. Please confirm that IBN 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.
8. Please confirm that IBN'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 IBN with delegated authority from the board to respond to ASX on disclosure matters.

Please also provide any other information that IBN considers may be relevant to ASX forming an opinion on whether IBN 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 **5:00 PM AEST Friday, 6 September 2019**.

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

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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 IBN'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 IBN'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 IBN'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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**George Tharian**  
Senior Adviser, Listings Compliance (Sydney)