

6 August 2014

Ms Lux Wigneswaran  
ASX Compliance Pty Limited  
20 Bridge Street  
Sydney NSW 2000

Dear Ms Wigneswaran

**Re: Kollakorn Corporation Limited**

We refer to your letter and answer as follows:

**1. Future Cash Requirements**

- Receipts from customers in the June quarter was incorrectly categorized as “nil”. In fact receipts from royalties in the June quarter were US\$13,078.51 which were offset against amounts owed to the licensee.
- For the September quarter we have received royalties of US\$66,011.57 of which approximately US\$11,861.03 will again be used to offset amounts owed to the licensee.
- In the last month the Company has also received from its Noteholders, subscriptions amounting to A\$28,965.15.

**2. Negative Operating Cash Flows**

The Directors expect the cash flows from royalties to increase during the rest of the year. Amounts outstanding to all creditors are capable of being met on their agreed terms pursuant to the Company's present financial circumstances. Operational costs have been reduced to be able to be met from expected cash flow. It is expected that foreseeable future cash inflows will cover cash outflows in the next quarter.

**3. Steps Taken to Meet Business Objectives**

Please note number 2 above.

**4. Compliance with Listing Rule 3.1**

There are no matters that would have a material effect on the price or value of the shares of the Company that have not been disclosed to the market.

**5. Compliance with Listing Rule 12.2**

While the Company is not profitable at this stage, it is not insolvent. The directors are pursuing all opportunities in order to improve the current situation. Once the directors have secured a viable opportunity the market will be informed in compliance with listing regulation 3.1.

Yours faithfully



R M Sealy  
**Managing Director**



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5 August 2014

Mr Tom Bloomfield  
Company Secretary  
Kollakorn Corporation Limited  
Level 9, 65 York Street  
Sydney NSW 2000

By Email

Dear Tom,

**Kollakorn Corporation Limited (the "Company")**

I refer to the Company's Quarterly Report in the form of Appendix 4C for the period ended 30 June 2014, released to ASX Limited ("ASX") on 31 July 2014 (the "Appendix 4C").

ASX notes that the Company has reported the following.

1. Receipts from customers of \$0.
2. Negative net operating cash flows for the quarter of \$66,184.
3. Cash at end of quarter of \$82,355.

In light of the information contained in the Appendix 4C please respond to each of the following questions.

1. It is possible to conclude on the basis of the information provided that if the Company were to continue to expend cash at the rate for the quarter indicated by the Appendix 4C, taking into account future administration costs, the Company may not have sufficient cash to fund its activities. Is this the case, or are there other factors that should be taken into account in assessing the Company's position?
2. Does the Company expect that in the future it will have negative operating cash flows similar to that reported in the Appendix 4C for the quarter and, if so, what steps has it taken to ensure that it has sufficient funds in order to continue its operations at that rate?
3. What steps has the Company taken, or what steps does it propose to take, to enable it to continue to meet its business objectives?
4. Can the Company confirm that it is in compliance with the Listing Rules, and in particular, Listing Rule 3.1?

5. Please comment on the Company's compliance with Listing Rule 12.2, with reference to the matters discussed in the note to the rule.

### **Listing Rule 3.1**

Listing Rule 3.1 requires an 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. The exceptions to this requirement are set out in the rule.

In responding to this letter you should consult Listing Rule 3.1 and the Guidance Note titled "Continuous Disclosure: Listing Rules 3.1 – 3.1B".

If the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under Listing Rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

This letter and your response may be released to the market. If you have any concerns about your response being released, please contact me immediately. Your response should be sent to me by email. It should not be sent to ASX Market Announcements.

Unless the information is required immediately under Listing Rule 3.1, a response is requested as soon as possible and, in any event, not later than **9.30am AEST on Friday, 8 August 2014**.

If you are unable to respond by the time requested you should consider a request for a trading halt in the Company's securities.

If you have any queries, please do not hesitate to contact me.

Yours sincerely,

*[Sent electronically without signature]*

Lux Wigneswaran  
**Principal Adviser, Listings Compliance (Sydney)**