



theHydroponicscompany

ACN 614 508 039

Level 2, 131 Macquarie Street, Sydney NSW 2000 Australia
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26 April 2017

Isabella Wong
Senior Adviser
Listings Compliance (Sydney)
ASX Compliance Pty Ltd
20 Bridge Street
Sydney NSW 2000

Dear Isabella,

I refer to your letter dated 24 April 2017 and advise as follows with respect to paragraph 2.2.8 and provide an updated statement of commitments based on the actual amount of funds raised under the Offer, including a breakdown of the expenditure allocated towards CMDV Development for the purposes of listing rule 1.3.2(b).

For this purpose, we present a revised use of funds based on that appeared as section 3.8 in the Prospectus.

3.8 Use of Funds

The Company intends to apply funds raised from the Public Offer, together with existing cash reserves, over the first two years following admission of the Company to the official list of ASX as follows:

	\$8,000,000	% of Funds
Funds available		
Existing cash reserves of the Company	\$750,000	9%
Funds raised from the Public Offer	\$8,000,000	91%
Total available funds	\$8,750,000	100%
Allocation of funds		
Expenses of the Public Offer	\$205,750	2%
Commissions and Fees	\$480,000	5%
ASX Costs	\$111,000	1%
CMDV development	\$2,410,000	28%
Canndeo funding	\$1,864,000	21%
Polyploid development	\$700,000	8%
Product development	\$624,000	7%
Greenhouse development	\$100,000	1%
Review and further acquisitions	\$1,000,000	11%
Administration expenditure and working capital	\$900,000	10%
Surplus / Contingencies	\$355,250	4%
Total	\$8,750,000	100%



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The following provides further details with respect to Canndeo funding:

Licensing and government approvals	\$130,000
Sites and operations	\$450,000
Alliancing and product identification	\$270,000
Product R&D and pre-clinical development	\$455,000
Clinical trial preparation	\$160,000
Market development	\$345,000
Contingency	\$54,000
	\$1,864,000

The following provides further details with respect to CMDV funding:

Administration	\$500,000
Marketing and Branding	\$150,000
Inventory and warehouse expansion	\$1,120,000
New product development	\$250,000
Global expansion	\$240,000
Stock control and management	\$90,000
Contingency	\$65,000
	\$2,415,000

The estimates of expenditure set out above are based on budgets set by the Directors. The actual level and break-up of expenditure may change on an ongoing basis depending on results obtained.

Following completion of the Offers, the Directors are of the view that the Company will have sufficient working capital to carry out its objectives.

The previous tables and the development programmes and associated expenditure are statements of current intentions at the date of the lodgement of this Prospectus with ASIC. As with any budget, intervening events and new circumstances have the potential to impact the ultimate way funds will be applied. The Board reserves the right to alter the way funds are applied in these circumstances.

It is also possible that future acquisitions may exceed the current or projected financial resources of the Company and it is expected that these acquisitions would be funded by project finance and/or equity issues (subject to Shareholder approvals as required).

Yours sincerely

Henry Kinstlinger
Company Secretary