



4 February 2016

ASX Compliance Pty Limited  
20 Bridge Street  
Sydney NSW 2000

Attn: Mr Andrew Kebega

by Email: [andrew.kabega@asx.com.au](mailto:andrew.kabega@asx.com.au)

Dear Mr Kebega

We acknowledge receipt of ASX's letter dated 1 February 2016 regarding the Company's quarterly report for the period ended December 2015 lodged with the ASX and released on 1 February 2016 (the Appendix 4C).

In response to each of your questions, we advise as follows:

1. The Company expects to have negative cash flows from time to time due to the timing of receipts and the seasonality in the contracts of various parts of the 8common Group. 8common's revenues and cash inflows are weighted to the second half of the year. In FY15 revenues of over 63% of total annual revenue was billed in the second half of the financial year. However cash expenditure items are more evenly balanced over the year. Therefore, the 8Common Group experiences net operating cash outflows in the first three quarters of the financial year (the period from July to March) and experiences net operating cash inflows in the last quarter of the financial year (the period from April to June). The Company has been aggressively growing the size of the business and has made investments in its operational capability. The increased level of operating expenditure when compared to the prior year is reflective of the investment that has been made. Expenses are not expected to materially increase in the coming quarters based on the existing business.
2. The Company continues to assess its funding requirements in light of its business objectives and any possible investment opportunities. 8common has completed a Rights Issue with a maximum of \$972k to be raised. To date \$293,793 has been received (including under the rights issue and applications for shortfall that are currently being received) with more expected to come in the coming months. In addition to this the Company has raised funds over the last 12 months and therefore

the directors consider it reasonable that the Company will be able to raise further funding as and when required.

The directors are very conscious of the cash flow requirements of the Company but also seek to ensure that capital is raised at appropriate valuations so as to maximize the value and benefit for all shareholders. The directors are confident of the ongoing growth opportunities with the business units of the Company.

3. The Company expects to be able to continue its operations and to meet its business objectives.

Cash at the end of the December 2015 quarter was \$261,000 and as advised above the company has received \$293,793 via a rights issue to date with further contributions expected to be received. This coupled with the seasonality of the Company's billings and receipts skewed to the second half of the year results in the directors' confidence to be able to continue operations and meet its business objectives.

As outlines in response to question 2 (above) the directors consider it reasonable that if required, the Company will be able to raise additional capital for the business as and when required.

4. The Company confirms that, to its best knowledge and belief, it is in compliance with the ASX Listing Rules and in particular, Listing Rule 3.1 and that there is no information that should be given to the ASX about its financial condition in accordance with that Rule that has not already been released to the market.

Yours sincerely



Zoran Grujic  
Company Secretary



1 February 2016

Zoran Grujic  
Company Secretary  
8Common Ltd  
Suite 803, Level 8  
213 Miller Street  
North Sydney NSW 2060

By email: zoran@8common.com

Dear Mr Grujic,

**8Common Ltd (the Entity): ASX Appendix 4C Query**

I refer to the Entity's quarterly report in the form of Appendix 4C for the period ended 31 December 2015 lodged with ASX Market Announcements Platform and released on 29 January 2016 (the Appendix 4C).

ASX notes that the Entity has reported:

- negative net operating cash flows for the quarter of \$247,000; and
- cash at the end of the quarter of \$261,000.

It is possible to conclude on the basis of the information provided in the Appendix 4C that if the Entity were to continue to expend cash at the rate for the quarter indicated by the Appendix 4C, the Entity may not have sufficient cash to continue funding its operations. In view of that, please respond to each of the following questions:

1. Does the Entity expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has the Entity 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 the Entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Can the Entity confirm that it is in compliance with Listing Rule 3.1 and that 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?



Please also provide any other information that the Entity considers may be relevant to ASX forming an opinion on whether the Entity is in compliance with Listing Rule 12.2.

### **When and where to send your response**

This request is made under, and in accordance with Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than 9:30am Australian Eastern Daylight Time on Thursday, 4 February 2016. If we do not have your response by then, ASX will have no choice but to consider suspending trading in the Entity'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, the Entity'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. 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**

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.

The obligation of the Entity to disclose information under Listing Rules 3.1 and 3.1A is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

In responding to this letter, you should have regard to the Entity's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

### **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 the Entity's securities under Listing Rule 17.1.

If you wish 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*.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely,

*[sent electronically without signature]*

Andrew Kabega

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