



YPB Group Ltd.
ABN 68 108 649 421
ASX code: YPB

GLOBAL LEADER IN ANTI COUNTERFEIT TECHNOLOGY
Level 29, 66 Goulburn Street, Sydney NSW 2000
T: +612 8263 4000 F: +612 8263 4111
www.ypbsystems.com www.brandreporter.com

17 May 2018

Ms Luxmy Wigneswaran
Principal Advisor,
Listings Compliance, Sydney
ASX Compliance Pty Ltd,
20 Bridge Street,
Sydney, NSW, 2000

Dear Ms Wigneswaran,

Re: ASX Appendix 4C Query

I refer to your letter dated 14 May 2018 concerning YPB's Appendix 4C lodged and released on 30 April 2018, the Company notes the comments therein and herewith responds to your specific questions using the same numbering as in your letter.

1. The Company expects that for the time being it will have negative operating cash flows, which is in line with expectations. But as detailed in our ASX release on 30 April 2018 in conjunction with our Appendix 4C, the cash consumption in Q2 is expected to be below that of Q1.
2. Yes, the Company has appointed Enhanced Society to advise, prepare for and to conduct a Token Sale Event (TSE), which is planned to occur in advance of the Company's funding needs. Legal opinion confirms that the proposal is compliant with the Corporations Act. The Whitepaper is in the final stages of preparation and Board approval to proceed is imminent as all evidence is that the TSE would be extremely beneficial for shareholders.

It is further anticipated that the TSE will fully fund the Company's future product and business development. We note that our submission to the ASX regarding the TSE detailing its full compliance with all laws and listing rules was lodged on 8 May 2018 and we are awaiting a response.

The Company notes that, as always, other fund raising options remain open to the Company.

Accordingly, the above together with available cash means the Company will have sufficient cash to fund its operations.

3. Yes, on the basis of the information provided above.

4. The company is in compliance with Listing Rule 3.1.
5. Yes, the Board has authorised the Company's response to these questions.

Should you have any further queries please do not hesitate to contact the writer Robert Whitton on 8263 4020.

Yours faithfully

A handwritten signature in black ink, appearing to read 'R Whitton', written in a cursive style.

Robert Whitton
Company Secretary



14 May 2018

Mr Robert Whitton

Company Secretary
YPB Group Ltd
c/- William Buck
Level 29, 66 Goulburn Street
Sydney NSW 2000

By email

Dear Mr Whitton

YPB Group Ltd (the “Entity”): Appendix 4C Query

I refer to the Entity’s Appendix 4C quarterly report for the period ended 31 March 2018 lodged with ASX Market Announcements Platform and released on 30 April 2018 (the “Appendix 4C”).

ASX notes that the Entity has reported:

- negative net operating cash flows for the quarter of \$1,824,000;
- cash at the end of the quarter of \$1,976,000;
- estimated cash outflows for the next quarter of \$1,760,000.

It is possible to conclude, based on the information in the Appendix 4C, that if the Entity were to continue to expend cash at the rate indicated by the Appendix 4C, the Entity may not have sufficient cash to continue funding its operations. In view of that, ASX asks the Entity to answer separately each of the following questions and provide the following confirmations in a format suitable for release to the market in accordance with Listing Rule 18.7A:

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. Please confirm that the Entity 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. In responding to this question, please consider whether the Entity is aware of any information that its earnings for the 12 month period ending 31 December 2018 are likely to differ materially from the Entity’s published earnings guidance for the period of a “\$5m pre-tax profit”.
5. Please confirm that the Entity’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 the Entity with delegated authority from the board to respond to ASX on disclosure matters.

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 (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, 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 AEST on Friday 18 May 2018. 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.

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*.

It should be noted that the Entity'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 the Entity'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 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]

Lux Wigneswaran

Principal Adviser, Listings Compliance (Sydney)