



Murray River Organics Group Limited
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11 May 2017

Ms Cheng Tang

Adviser, Listings (Melbourne)
ASX Limited

BY EMAIL: cheng.tang@asx.com.au

Dear Ms Tang,

Murray River Organics Group Limited ("MRG" or "Company"): ASX Aware Query

We refer to your letter dated 8 May 2017 (copy attached).

As requested, the Company's response to the questions in your letter is set out below, using the terms defined in the ASX letter with the numbering below corresponding to your questions.

1. Yes, the Company considered the Revised Guidance to be information that a reasonable person would expect to have a material effect on the price or value of its securities.
2. Not applicable.
3. The Company first became aware of the Revised Guidance once its analysis of the financial impact of the various adverse operating factors described in the Announcement was completed and approved by the MRG Board, which did not occur until 4 May 2017.

The evolving operating factors, that ultimately led to the determination of the Revised Guidance on 4 May 2017, were discussed by MRG management and the Board during a scheduled Board meeting held on 19 April 2017. Management was asked by the Board to investigate and analyse the potential aggregated financial impact of those factors on the Company. At that time the MRG Board and management had no basis to determine whether the financial impact of the adverse operating factors identified may be significant enough to require a market update.

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Management then proceeded to gather and prepare additional financial information and analysis regarding the potential impact of those operating factors on forecast revenues and EBITDA for the financial year ending 30 June 2017. Management undertook its investigation, review and analysis and prepared its report to the Board as expeditiously as possible.

On 4 May 2017 the Board considered the information and analysis provided by Management, including a proposed updated forecast for FY17 and formed a concluded view as to the matters requiring disclosure to the market.

In resolving to make the Announcement, the Board considered a number of issues that contributed to its view that an updated forecast was required, including:

- the Delays;
- sales in the third quarter of FY17 and estimated sales for the final quarter of FY17;
- the 5-6 week delay in harvest arising from an unusually cool and wet spring, coupled with more recent wet weather;
- the consequences of delays to the refurbishment of the Company's Sunraysia processing facility;
- trading conditions;
- the Company's inventory levels;
- supply chain and volume demand globally;
- the EBITDA margin; and
- the potential aggregated impact of these issues on the FY17 results.

On 4 May 2017, the Board finalised the updated financial information and the Announcement. The Company then made the Announcement promptly and without delay.

4. As described in response to question 3, the Company did not become aware of the Revised Guidance until that information, and the detailed analysis to support it, was considered and approved by the MRG Board at the Board meeting on 4 May 2017.

As noted above, whilst some of the adverse operating factors which ultimately led to the Revised Guidance were identified earlier, none of those factors in isolation was considered price sensitive information requiring release to the market under Listing Rule 3.1. As MRG management undertook the analysis of the financial impact on the Company of the factors identified, that analysis remained confidential, was insufficiently definite to warrant disclosure, was generated for internal management purposes and a reasonable person would not expect that information to be disclosed. Accordingly, it was appropriate for the Company to withhold that financial information from disclosure to the market under Listing Rule 3.1A until the Board had scrutinised and approved that information for disclosure to the market.

The approach taken is consistent with ASX guidance in its Guidance Note 8 on Continuous Disclosure, as reflected in the following statement by ASX:

"In assessing whether an entity has acted immediately under Listing Rule 3.1, ASX will make due allowance for the fact that the preparation of earnings guidance will take

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time and will need to be properly vetted and signed off at a senior level and most likely approved by the board before it is released." (ASX Guidance Note 8 - Continuous Disclosure, Page 49).

5. No.
6. The Delays themselves are not considered to be information that a reasonable person would expect to have a material effect on the price or value of MRG shares. Whilst the Delays have led to higher than forecast FY17 operating expenses, as described in the Announcement, this increase in operating expenses was only one factor of many (referred to above and in the Announcement) that ultimately led to the Board forming a view that the market needed to be updated with the Revised Guidance.

The Delays themselves did not have a material impact on the financial performance of the Company and it would have been premature, unhelpful and potentially misleading to disclose the Delays to the market in isolation without proper analysis of the financial impact of those delays when aggregated with the other operating factors which had the potential to impact the financial performance of the Company.

7. Not applicable.
8. Not applicable.
9. The Company confirms that it is compliance with the Listing Rules and, in particular, Listing Rule 3.1.
10. The responses to your questions above have been approved by the Board.

Yours sincerely,



Ian Sinclair, Company Secretary, Murray River Organics Group Limited

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8 May 2017

Ian Sinclair
Company Secretary
Murray River Organics Group Limited
32 Crompton Way
Dandenong South VIC 3175

By email: ian@murrayriverorganics.com.au

Dear Mr Sinclair

Murray River Organics Group Limited ("MRG"): aware query

ASX Limited ("ASX") refers to the following:

- A. MRG's announcement entitled "Trading Update and Acquisition Announcement" lodged on the ASX Market Announcements Platform and released at 6:37 pm on Thursday, 4 May 2017 (the "Announcement"), disclosing the following information on page 2:

"The FY17 proforma revenue is expected to be down by \$10 million..."

"...the Company now expecting to generate FY17 pro forma EBITDA in the range between \$12.5-\$13.5 million in FY17 and pro forma FY17 NPAT in the range between \$4.2-4.9 million..."

(together, the "Revised Guidance")

- B. The Announcement, disclosing the following information on pages 1 and 2:

"Unanticipated delays in obtaining all accreditations and certifications at its newly established Dandenong packing facility (DN01)..."

"The installation and commissioning of packing equipment at DN01 being behind the schedule provided by the manufacturer with resultant delay in realisation of efficiencies."

"Delays in local council approvals related to the fit-out of DN01"

(together, the "Delays").

- C. Further disclosure on page 1 of the Announcement that the Delays have led to *"higher than forecast FY17 operating expenses"*
- D. The decrease in the price of MRG's securities after the release of the Announcement as follows:

Time and Date	Price
Close – Thursday, 4 May 2017	\$1.030
Open – Friday, 5 May 2017	\$0.800

Close – Friday, 5 May 2017	\$0.585
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E. Listing Rule 3.1, which 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.

F. The definition of "aware" in Chapter 19 of the Listing Rules, which states that:

"an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity"

and section 4.4 in Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B* "When does an entity become aware of information".

G. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

"3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:

3.1A.1 One or more of the following applies:

- *It would be a breach of a law to disclose the information;*
- *The information concerns an incomplete proposal or negotiation;*
- *The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- *The information is generated for the internal management purposes of the entity; or*
- *The information is a trade secret; and*

3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and

3.1A.3 A reasonable person would not expect the information to be disclosed."

H. ASX's policy position on the concept of "confidentiality", which is detailed in section 5.8 of Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. In particular, the Guidance Note states that:

"Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule."

Having regard to the above, ASX asks MRG to respond separately to each of the following questions and requests for information:

1. Does MRG consider the Revised Guidance to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
2. If the answer to question 1 is “no”, please advise the basis for that view.
3. If the answer to question 1 is “yes”, when did MRG first become aware of the Revised Guidance.
4. If the answer to question 1 is “yes” and MRG first became aware of the information before the relevant date, did MRG make any announcement prior to the relevant date which disclosed the information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe MRG was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps MRG took to ensure that the information was released promptly and without delay.
5. Does MRG consider the Delays to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
6. If the answer to question 5 is “no”, please advise the basis for that view. In answering this question, please comment on the disclosure on page 1 of the Announcement that the Delays have led to “higher than forecast FY17 operating expenses” and its causal effect on the Revised Guidance.
7. If the answer to question 5 is “yes”, when did MRG first become aware of the Delays?
8. If the answer to question 5 is “yes” and MRG first became aware of the information before the relevant date, did MRG make any announcement prior to the relevant date which disclosed the information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe MRG was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps MRG took to ensure that the information was released promptly and without delay.
9. Please confirm that MRG is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.
10. Please confirm that MRG’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 MRG with delegated authority from the board to respond to ASX on disclosure matters.

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 half an hour before the start of trading (ie before 9.30 a.m. AEST) on Thursday, 11 May 2017. If we do not have your response by then, ASX will have no choice but to consider suspending trading in MRG’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, MRG’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 cheng.tang@asx.com.au. 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 Rules 3.1 and 3.1A

In responding to this letter, you should have regard to MRG'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 MRG'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 MRG'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]

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