

23 February 2016

Ms Sandra Wutete  
Senior Advisor  
Australian Securities Exchange  
Level 40, 152-158 St Georges Terrace  
PERTH WA 6000

Dear Ms Wutete

**SUBJECT: ASX AWARE QUERY**

We refer to your letter dated 18 February 2016 and respond as follows:

**1. Please advise when the Entity first became aware of the Half Year Profit Decrease**

The Audit and Risk Committee met on Monday afternoon 15 February 2016 to consider the Company's draft HY16 Financial Report ("**HY16 Financial Report**"). At this stage, the draft HY16 Financial Report remained incomplete with a number of matters remaining outstanding.

This draft HY16 Financial Report and the outstanding matters were presented to and discussed by the Board on Tuesday 16 February 2016. At that time, a Sub-Committee was formed to resolve the outstanding matters and finalise the HY16 Financial Report for release.

Having resolved the outstanding matters, the Sub-Committee gave final approval to the content and release of accounts on the evening of Wednesday 17 February 2016 (at which time the final quantum of the Half Year Profit was also finalised).

The HY16 Financial Report was then released to the ASX before market opened on Thursday 18 February 2016.

The Company considers that the following factors are relevant to the decision to disclose the content of or potential content of the HY16 Financial Report prior to its final approval given on the evening of Wednesday 17 February 2016:

- the Company's policy and practice is that it does not provide earnings guidance to the market;
- however, the Company is covered by Australian based sell-side analysts which publish earning forecasts relating to the Company's expected performance;
- in accordance with ASX Guidance Note 8 section 7, the Company monitors those analyst forecasts to measure market expectations as to its performance. To do so, the Company uses a consensus range as a central measure of expectations (excluding any obvious outliers) ("**Analyst Consensus Range**");
- the Company has in place a process to prepare, review and monitor financial forecasts on an ongoing and regular basis, and compares them to analyst consensus (noting that as a project based organisation, the accuracy of financial forecasting is dependent upon a range of factors beyond the entity's control including the timing of the award and commencement of future projects);
- at all times during the commencement of FY16 and the point of release of the HY16 Financial Report, the Company's internal forecasts have remained materially consistent with the Analyst Consensus Range;

- it has been widely reported by industry groups, the media and the Company's contemporaries that during the period covered by the HY16 Financial Report the economic environment in the markets in which engineering and construction companies operate has been undergoing significant change and pressures (including delays in the timing of project awards, increased competition and reducing margins);
- during the period covered by the HY16 Financial Report, the Company made a number of public announcements referencing these pressures and their potential impact on the Company's performance. These include:

*"Infrastructure spend is expected to gain momentum in the second half of this financial year and as a result RCR expects revenues to remain flat for the first half and earnings to be biased to the second half of the financial year." (refer ASX announcement 5 November 2015 and Chairman's Address to AGM released on 6 November 2015)*

*"added to our healthy order book these contract wins will contribute to building our revenues for the second half of this financial year and help to further diversify our Western Australian business." (refer ASX announcement 5 November 2015)*

- the Company also announced various strategies designed to diversify its revenues across sectors and geographies as a response to these pressures;
- the Company noted that during this period and following the release of these announcements, two sell-side analysts updated their earnings guidance for FY16 and included an earnings forecast for the first and second halves of FY16; and
- the Company's internal forecasts remained at all relevant times materially consistent with this revised Analyst Consensus Range (including the revised analyst first half earnings range).

Accordingly, the Company considers the HY16 Results were materially consistent with market expectations and did not therefore warrant earlier disclosure.

2. At the time the Entity became aware of the Half Year Profit Decrease, did the Entity consider the decrease to be information that a reasonable person would expect to have a material effect on the price or value of its securities?

Refer above to answer to Question 1.

3. If the answer to question 2 is "no", please advise the basis for that view

Refer above to answer to Question 1.

4. If the answer to question 2 is "yes" and the Entity first became aware of the Half Year Profit Decrease prior to the release of the Announcement, did the Entity make any announcement prior to the release of the Announcement which disclosed the Half Year Profit Decrease? 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 the entity was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps the Entity took to ensure that the information was released promptly and without delay

Refer above to answer to Question 1.

5. Please confirm that the Entity is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

The Company is in compliance with the listing rules and in particular, listing rule 3.1

Yours sincerely,

A handwritten signature in blue ink, appearing to read "Darryl Edwards".

Darryl Edwards  
Company Secretary  
RCR Tomlinson Ltd





18 February 2016

Mr Darryl Edwards  
Company Secretary  
RCR Tomlinson Limited  
Level 6  
251 St Georges Terrace  
PERTH WA 6000

By email

Dear Mr Edwards

**RCR Tomlinson Limited (the “Entity”): ASX aware query**

ASX Limited (“ASX”) refers to the following:

1. The Entity’s announcement entitled “RCR Appendix 4D & 2016 Half-Year Financial Report” lodged with ASX Market Announcements Platform and released at 09:24 am (EDST) today, Thursday 18 February 2016 (the “Announcement”), disclosing a 53.1% decrease in the Entity’s net profit from ordinary activities from the previous corresponding period for the half-year ended 31 December 2015 (“Half Year Profit Decrease”).
2. The change in the price of the Entity’s securities from \$1.60 at the close of trade on Wednesday, 17 February 2016 to an intraday low of \$1.20 today, Thursday 18 February 2016.
3. 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.
4. The definition of “aware” in Chapter 19 of the Listing Rules. This definition 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.”*

Additionally, you should refer to section 4.4 in Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B “When does an entity become aware of information”*.

5. 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 requirements 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.”*

5. 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 “Listing Rule 3.1A.2 – the requirement for information to be confidential”*. 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, we ask that you answer the following questions in a format suitable for release to the market in accordance with Listing Rule 18.7A:

1. Please advise when the Entity first became aware of the Half Year Profit Decrease.
2. At the time the Entity became aware of the Half Year Profit Decrease, did the Entity consider the decrease to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
3. If the answer to question 2 is “no”, please advise the basis for that view.
4. If the answer to question 2 is “yes” and the Entity first became aware of the Half Year Profit Decrease prior to the release of the Announcement, did the Entity make any announcement prior to the release of the Announcement which disclosed the Half Year Profit Decrease? 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 the entity was obliged to release the information under



Listing Rules 3.1 and 3.1A and what steps the Entity took to ensure that the information was released promptly and without delay.

5. Please confirm that the Entity is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

### **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 **9.00 a.m. WST on Tuesday, 23 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 at [Sandra.Wutete@asx.com.au](mailto:Sandra.Wutete@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 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]*

Sandra Wutete

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