

5 December 2014

Dean Litis
Principal Adviser, Listing Compliance (Melbourne)
ASX Limited
dean.litis@asx.com.au

Dear Mr Litis

Re: Japara Healthcare Limited (the "Company"): ASX aware query

We refer to your letter dated 4 December 2014 and respond to each of the questions in the following terms:

- 1 Does the Entity consider the information contained in the Announcement to be information that a reasonable person would expect to have a material effect on the price or value of its securities?

No.

- 2 If the answer to question 1 is "no", please advise the basis for that view.

Of the \$5 million unpaid overtime loading estimate announced to the ASX on 2 December 2014, approximately \$4.6 million relates to periods prior to the Company's ASX listing in April 2014 and will be treated as a pre-acquisition balance sheet adjustment, which does not impact profit. The remaining approximately \$400,000 will be expensed in FY2015.

Neither the \$4.6 million nor the \$400,000 were considered by the Board to be material when assessed against usual materiality measures. The \$4.6 million is approximately 0.9% of the Company's net assets at 30 June 2014 and the \$400,000 is approximately 1.4% of the Company's forecast FY2015 NPAT. The Company also reconfirmed previous earnings guidance for FY2015.

The Company made the announcement because of the public process of notifying the Fair Work Ombudsman and the relevant employees and former employees of the unpaid overtime loading.

- 3 If the answer to question 1 is "yes", when did the Entity first become aware of the information?

Not applicable.

- 4 If the answer to question 1 is "yes" and the Entity first became aware of the information before the release of the Announcement, please explain why this information was not released to the market at an earlier time, commenting specifically on the Trading Activity that occurred prior to the release of the Announcement; 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.

Not applicable.

- 5 If the answer to question 1 is "yes", and in light of the Trading Activity that occurred prior to the release of the Announcement, did the Entity consider requesting a trading halt in its securities prior to making the Announcement? If so, please explain why a trading halt was not ultimately requested. If not, please explain why the Entity believed a trading halt was not appropriate in the circumstances.

Not applicable.

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

The Company confirms it is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

Yours faithfully
Japara Healthcare Limited

John McKenna

Chief Financial Officer and Company Secretary



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4 December 2014

John McKenna
Chief Financial Officer & Company Secretary
Japara Healthcare Limited
Q1 Building
Level 4 Southbank Boulevard
Southbank VIC 3006

By email only

Dear John

Japara Healthcare Limited (the "Entity"): ASX aware query

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

1. The Entity's announcement entitled "*Payroll Review*" lodged with ASX Market Announcements Platform and released at 1:16:05pm AEDT on 2 December 2014 (the "Announcement"), disclosing that a review of the Entity's payroll system had revealed that it had underpaid employees approximately \$5 million of which approximately \$400,000 related to the period since the Entity had been listed and would be expensed in FY2015.
2. The Entity's share price in the day preceding the Announcement which decreased from a closing price on 1 December 2014 of \$2.39 to an intra-day low of \$2.22; closing price of \$2.24; and \$2.24 immediately prior to the release of the Announcement on 2 December 2014 ("Trading Activity").
3. The Entity's share price following the Announcement fell to an intra-day low of \$1.99 and closed at \$2.02 on 2 December 2014 and yesterday's intra-day low of \$1.91; intra-day high of \$2.10; and closing price of \$1.99. ASX also notes the increase in volume in trading of the Entity's securities in the period since the release of the Announcement.
4. 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.
5. 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”*.

6. 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. Does the Entity consider the information contained in the Announcement 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 the Entity first become aware of the information?
4. If the answer to question 1 is “yes” and the Entity first became aware of the information before the release of the Announcement, please explain why this information was not released to the market at an earlier time, commenting specifically on the Trading Activity that occurred prior to the release of the Announcement; 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. If the answer to question 1 is “yes”, and in light of the Trading Activity that occurred prior to the release of the Announcement, did the Entity consider requesting a trading halt in its securities prior to making the Announcement? If so, please explain why a trading halt was not ultimately requested. If not, please explain why the Entity believed a trading halt was not appropriate in the circumstances.

6. 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 am AEDT on Monday 8 December 2014**. 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 dean.litis@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]

Dean Litis

Principal Adviser

Listings Compliance (Melbourne)