



TEMPLE & WEBSTER GROUP LTD

ABN 69 608 595 660
8DD Hiles Street
Alexandria NSW 2015

29 February 2016

By email: Emma.Badhni@asx.com.au

Emma Badhni
Manager, Listings Compliance (Sydney)
ASX Compliance Pty Limited
20 Bridge Street
Sydney NSW 2000

Dear Ms Badhni

Temple & Webster Group Ltd (the “Company”): ASX aware query

We acknowledge receipt of your letter dated 25 February 2016 and our responses are set out below. Terms defined in your letter have been replicated in our response.

1. *Does the Entity consider the information contained in the Appendix 4D concerning the Revised Forecast to be information that a reasonable person would expect to have a material effect on the price or value of its securities?*

Yes.

2. *If the answer to question 1 is “no”, please advise the basis for that view.*

Not applicable.

3. *If the answer to question 1 is “yes”, when did the Entity first become aware of the Revised Forecast?*

Actual revenue for the half-year to 31 December 2015 was not materially below internal management expectations.

As part of the its normal internal management reporting processes, in early February it was noted that January 2016 final revenue was below internal management forecast. At this stage, however, sales for the first week in February were tracking broadly in line management’s internal forecast. Revenue for the second week of February was again tracking below internal forecasts.

Management deemed it prudent to undertake a reforecast for the balance of the second half of the financial year. The Board was advised of and agreed with management’s proposed

actions. At this stage the reforecast was incomplete with a number of matters to be considered to ensure any reforecast had a reasonable basis.

Management completed the reforecasting process and quantified the amount of the potential shortfall on 22 February 2016. This outcome was presented at a Board meeting held on 23 February 2016 and, following the request for further information from the Board, was finalised at a subsequent Board meeting on the night of 24 February 2016.

The Revised Forecast was released to the market prior to commencement of trading on 25 February 2016.

The Company is of the firm belief that the process followed was undertaken in accordance with Listing Rule 3.1 and with reference to the guidance provided by ASX in Guidance Note 8. Specifically:

- the Revised Forecast needed to indicate the order of potential variance between the Revised Forecast and the Forecast;
- the Revised Forecast needed to have a reasonable basis in fact prior to being disclosed;
- the Revised Forecast needed to be discussed at an appropriate level and after an appropriate degree of due diligence, accepted and approved by the Board; and
- an announcement was made as soon as practicable after the above matters were complete.

4. *If the answer to question 1 is “yes” and the Entity first became aware of the Revised Forecast before the relevant date, did the Entity make any announcement prior to the relevant date which disclosed the Revised Forecast? 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 to 3 above

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



Michael Egan
Company Secretary



25 February 2016

Mr Michael Egan
Company Secretary
Temple & Webster Group Ltd
8DD Hiles Street
Alexandria NSW 2015

By email

Dear Mr Egan

Temple & Webster Group Ltd (the "Entity"): ASX aware query

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

1. The Entity's replacement prospectus dated 12 November 2015 released over the ASX Market Announcements Platform at 4:33pm on Wednesday, 9 December 2015 (the "Prospectus") which included a forecast for earnings before interest, tax, depreciation and amortisation ("EBITDA") for the year ending 30 June 2016 of \$8.5 million (the "Forecast").
2. The Entity's announcement entitled 'Half-Year Report and Guidance Update' lodged with the ASX Market Announcements Platform and released at 8.54am on Thursday, 25 February 2016 (the "Appendix 4D"), which included a downside risk estimate of up to \$5.5 million on the Forecast contained in the Prospectus (the "Revised Forecast").
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.”

6. 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.”

7. Section 7.3 of Guidance Note 8, which states:

“If an entity becomes aware that its earnings for the current reporting period will differ (downwards or upwards) from market expectations, it needs to consider carefully whether it has a legal obligation to notify the market of that fact. This obligation may arise under Listing Rule 3.1 and section 674, if the difference is of such magnitude that a reasonable person would expect it to have a material effect on the price or value of the entity’s securities – referred to below as a “market sensitive earnings surprise”. Alternatively, in the case of an entity which becomes aware that its earnings guidance for a reporting period will differ from earnings guidance it has published to the market, it may arise under 1041H, because failing to inform the market that its published guidance is no longer accurate could constitute misleading conduct on its part.”

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 Appendix 4D concerning the Revised Forecast 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 Revised Forecast?
4. If the answer to question 1 is “yes” and the Entity first became aware of the Revised Forecast before the relevant date, did the Entity make any announcement prior to the relevant date which disclosed the Revised Forecast? 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 half an hour before the start of trading (**i.e., not later than 9.30 a.m. AEDT) on Monday, 29 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]

Emma Badhni
Manager, Listings Compliance (Sydney)