

Photon Group Code of Conduct SUMMARY

CONDUCT OF BUSINESS

This summary represents an outline of the key points from the Photon Group of companies Code of Conduct. As an outline these points should not be considered to be the full content of each policy so it is recommended that further reading of the Photon Group Code of Conduct will provide a more detailed understanding of each policy.

1. Standards of Business Conduct

- Act in an ethical manner in all dealings involving Photon Group and its associated companies.
- Avoid conflicts of interest and report any potential or existing conflicts.
- Adhere to the principles of fair competition.
- Use integrity in all dealings with suppliers.
- Keep all dealings with clients fair and honest.

2. Code of Employee Conduct

- Maintain the highest standard of conduct at all times.
- Discrimination and harassment, of any kind, is not acceptable.
- Endeavor to provide a workplace that promotes a free flow of ideas and encourages respect for fellow employees.
- Respect all of our people and the contribution they make to the firm.

3. Directors' Duties and Responsibilities

- Ensure that all staff adheres to the requirements set out in the Photon Group Code of Conduct.
- Enforce the Standards of Business Conduct.
- Comply with the legal responsibilities that arise from working for a professional orientated company.
- Keep proper and full accounting records.
- Act within all laws and in the best interests of the Group.

4. Corporate Organisation

- Maintain corporate records in accordance with corporate laws.
- Ensure that all corporate records are kept secure and are immediately accessible.
- Hold board meetings as required or when a matter arises that requires board involvement.

5. Accounting and Reporting

- Safeguard the assets of each operation; ensure the integrity of financial data; submit timely and accurate financial reports as required by Photon Finance and comply with all local reporting requirements.
- Co-operate fully with the Group auditor - KPMG.
- Obtain approval from the Group Chief Financial Officer prior to contracting audit services.
- Review and agree all risk management findings with the auditors prior to their leaving the site and before the preparation of the final risk management report.
- The Photon Board is responsible for ensuring that all financial and internal control systems provide accurate financial information, that the Group's published financial statements are a true and fair reflection and the external audit is conducted in an effective manner.

6. Continuous Disclosure

- Material information is identified and disclosure to the market established in a timely manner
- Such information not to be passed to third party prior to ASX being notified.

7. Internal Control Environment

- Adhere to all Group policies and procedures.

8. Capital Expenditures

- Obtain approval from the Group CEO and Group CFO for capital expenditure. Refer to the Group Finance Manual for further details.

9. Employment and Consultancy Agreements

- Always include in employment contracts the following items: salary (including benefits and entitlements); a confidentiality agreement; a client non-solicit agreement; a copyright agreement and an agreement, which binds the employee to uphold all policies.
- When drafting the terms of an employment contract exclude: automatic salary increases, guaranteed bonuses, or the promise of additional salary to cover any tax payable by the employee.
- The maximum term for any contract is one year, unless approved the respective Company Board of Directors..
- Photon Group and its associated companies are an Equal Opportunities Employer and do not discriminate by reason of age, sex, race or disability.

10. Employee Loans

- The company does not make loans to employees unless exceptional circumstances apply (see policy).
- If a loan is made to an employee it should not be allowed to remain unpaid after the termination of employment or beyond a financial year.

11. Travel and Entertainment

- Expense reports need to be approved by a Company Executive.
- Receipts for all expenses claimed must be attached to the expense report.
- The Company Executive should sign all expense reports prior to payment.
- Travel advances must be cleared on a monthly basis against expense reports.
- Employees should travel economy. Business class on international flights only whereby the time period of the flight is greater than 6 hours.

12. Outside Legal and Tax Services

- Use external legal or tax advisors only where fees are below \$5,000.
- Secure approval for fees in excess of \$5,000 from Photon management.

13. Long Term Commitments

- Obtain approval from the respective Company Board of Directors for any commitments exceeding one year or costing more than \$20,000 in total.

14. Investments

- At end of each reporting year prepare an evaluation of the actual performance vs. acquisition plan and provide the completed analysis to the Photon Board of Directors.

15. Litigation

- Inform Photon CEO and/or the Photon CFO of any lawsuit prior to commencement of litigation.
- Immediately inform the Group CFO of any potential or actual lawsuit, arbitration, governmental investigation or similar proceeding brought against the Company.

16. Treasury Guidelines

- Obtain Board approval before issuing or changing any guarantees, indemnities, acceptance or documentary letters of credit or letters of comfort to any third party.
- Group assets or revenues cannot be used to obtain credit or support an existing obligation.
- All receivables should be collected on time and without discounting unless prior approval has been received from the Company CEO.

17. Insurance

- You should enter into insurance contracts only where it is commercially prudent or required by law.
- Disclose all material facts for the period of insurance cover to Photon CFO.
- Make sure that you inform the Company Secretary of any potential new claims.
- All complaints should be received without admission of fault.
- Prior consent of the Photon CFO is required before remedial work is undertaken.

18. Provision for financial information

- No individual company financial information is to be provided to parties external to Photon. Only publicly available information (Photon Group Limited half year and annual report) is to be provided to external parties seeking financial information.

Photon Group Code of Conduct

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CORPORATE GOVERNANCE

Photon Group Code of Conduct

POLICY NO: 1

DATE EFFECTIVE: January 2004

POLICY: STANDARDS OF BUSINESS CONDUCT

I. Conflicts of Interest

Employees of Photon Group and its associated companies shall avoid situations where their personal interest could conflict with, or even appear to conflict with, the interests of the Group and its shareholders.

Conflicts of interest arise where an individual's position or responsibilities with the Group present an opportunity for personal gain apart from the normal rewards of employment. They also arise where an employee's personal interests are inconsistent with those of the Group and create conflicting loyalties. Such conflicting loyalties can cause an employee to give preference to personal interests in situations where corporate responsibilities should come first. Each employee shall perform the responsibility of his position solely on the basis of what is in the best interests of the Group and wholly free from the influence of personal considerations and relationships.

In the event that any potential conflict of interest arises, the individual involved must immediately notify his immediate supervisor and if such individual is an officer or Director of Photon Group or an officer of any subsidiary, the Group Chief Executive Officer and the CFO must also be immediately notified and no further action may be taken until authorised by the Board.

While it is not possible to detail every situation where conflicts of interest may arise, the following policies cover the areas that have the greatest potential for conflict:

A. Personal Financial Interest

1. Employees should avoid any outside financial interests that might influence their corporate decisions or actions. An employee performing his duties in conformity with this policy shall not have a financial interest in, indebtedness to, or personal contract or understanding with any concern with which he does business on behalf of the Group. An employee whose corporate duties bring him into business dealings with a business in which he or a member of his family has a financial interest or to which he or a member of his family has an indebtedness, or a business employing a relative or close friend, must immediately notify his immediate supervisor, and this transaction may not be completed unless properly authorised in writing by the Board, after full disclosure of the relationship.
2. An employee may not perform work or services, outside the course of his normal employment by the Company, for an organisation doing or seeking to do business with the Group, without appropriate prior approval of his supervisor. An employee may not be a director, officer, partner or consultant of an organisation doing or seeking to do business with the Group, nor may he permit his name to be used in any way indicating a business connection with such an organisation, without appropriate prior approval of his supervisor.
3. An employee shall not accept for him/herself, or for the benefit of any relative or friend, any payment, loans, services, favors involving more than ordinary social amenity, or gifts of more than nominal value from any organisation doing or seeking to do business with the Group.
4. An employee shall not acquire any business interest that he knows that the Group is interested in acquiring or which has come to his attention in his capacity as an employee of the Group.
5. This policy applies to all officers and employees of the Group with respect to all of the affairs of the Group.

B. Outside Activities

1. Employees should avoid outside employment activities which could impair the effective performance of their responsibilities to the Group, either because of excessive demands on their time, or because the outside commitments can be contrary to their obligations to the Group.

II. Competitive Practices

The policy of the Group also prohibits employees entering into, or even discussing, any arrangement or understanding which affects its pricing policies, terms upon which its products and services are sold or which might be constructed as dividing customers or sales territories with a competitor.

These principles of fair competition are basic to all our operations. They are integral parts of the following sections that cover the Group's dealings with suppliers, customers and public officials.

III. Dealing with Suppliers

The Company is a valuable customer for many suppliers of goods, services and facilities. People who want to do business, or to continue to do business, with the Company must understand that all purchases by the Group or any of its affiliates will be made exclusively on the basis of price, service, and suitability to the Group's needs

A. Kickbacks and Rebates

Purchases and sales of goods and services by the Group must not lead to employees or their families receiving any type of personal kickbacks or rebates. Employees or their families must not accept any form of "under-the-table" payment.

B. Receipt of Gifts and Entertainment

Even when gifts and entertainment are exchanged out of the purest motives they can be misunderstood. They can appear to be attempts to bribe our employees into directing business of the Group towards a particular supplier. To avoid both the reality and the appearance of improper relations with suppliers or potential suppliers, the following standards will apply to the receipt of gifts and entertainment by employees of the Group.

1. Gifts

Employees (and other related parties) are prohibited from soliciting gifts, gratuities, or any other personal benefit or favor of any kind from suppliers or potential suppliers. Gifts include merchandise and products but also personal services, theatre tickets, and tickets to sports events. Employees are discouraged from accepting unsolicited gifts. They are prohibited from accepting gifts of money.

Employees may accept unsolicited non-money gifts provided:

- a) They are items of nominal value
- b) They are advertising and promotional materials, clearly marked with the company or brand names.

2. Entertainment

Employees shall not encourage or solicit entertainment from any individual or company with whom the Company does business. Entertainment includes, but is not limited to, activities such as dinner parties, theatre parties, or sporting events.

From time to time employees may accept unsolicited entertainment, but only under the following circumstances.

- a) The entertainment occurs infrequently;
- b) It arises out of the ordinary course of business;
- c) It involves reasonable, not lavish, expenditure (the amounts involved should be at levels employees are accustomed to normally spending for their own business or personal entertainment); and
- d) The entertainment takes place in settings that also are reasonable, appropriate, and fitting to employees, their hosts and their business at hand.

IV. Dealings with Customers and Potential Customers

Employees must keep all dealings with customers and potential customers fair and above board. Each Company gets business and keeps it because of the quality of its goods and services. The Company does not give unethical or illegal rebates, kickbacks, under-the-table payments, or other similar improper favors to customers or their representatives.

- A. All employees should make every effort to know and fully comply with all laws governing relations with customers as well as competitors.
- B. All employees engaged in government contracts must also know and abide by the specific rules and regulations covering relations with public agencies.
- C. Employees will give no gifts to customers except items of nominal value that fit the legal, normal, and customary pattern of the Company's sales efforts for a particular market practice to exchange
- D. Entertainment for any customer must fit regular business practices. The place and type of entertainment and the money spent must be reasonable and appropriate.

V. Use of Agents and Non-Employees

Agents or other non-employees cannot be used to circumvent the law. Employees will not retain agents or other representatives to engage in practices that run contrary to the Standards of Business Conduct.

VI. Violations

- A. Any employees should immediately report any violations of the Standards. Failure to do so can have serious consequences for the employees of the Company.
- B. Reports of violations should be made by employees to their supervisors.
- C. Supervisors have the responsibility of promptly and thoroughly investigating all reports.
- D. After a violation is investigated, appropriate action will be taken. Management has the right to determine what disciplinary action will be taken for a violation, ranging from an oral reprimand to termination. All proposed disciplinary action is subject to review by senior management.
- E. Employees should be aware that in addition to any disciplinary action taken by the Company, violations of some standards may require restitution and may lead to civil or criminal action against individual employees and any corporation involved.

- F. Supervisors have the responsibility of taking remedial steps to correct any operating procedures that contribute to violations of standards.

VII. Continuance of Existing Personal Policies, Rules and Performance Standards

Photon Group, its associates and each of its subsidiaries, has codified numerous personnel policies, rules and standards of employee performance, which continue in force. These standards of Business Conduct are intended to supplement and amplify those established personnel policies, rules and standards.

It continues to be the responsibility of all members of management to comply with all such policies, rules and performance standards. Additionally, they are to continue making certain that employees reporting to them are made aware of established policies, rules and performance standards and comply with them.

VIII. Updating

Photon Group will periodically review its Standards of Business Conduct and make appropriate additions or changes. Employees will be fully informed of all updating of Standards.

Photon Group Code of Conduct

POLICY NO: 2

DATE EFFECTIVE: January 2004

APPROVED: Photon Group Directors

POLICY: CODE OF EMPLOYEE CONDUCT

Employees of Photon Group and its associated companies are expected to maintain the highest standards of conduct at all times. In addition to complying with all policies outlined employees are expected to comply with all local laws and behavior standards.

At a minimum, Group employees are expected to conduct themselves in the following way during the course of their day-to-day activities.

- Everyone should remain courteous and good humored in all dealings, thereby creating an environment where cynicism, oppression and rudeness are not acceptable.

- We will be proactive and innovative with our clients and will respond to their reasonable needs quickly and efficiently.
- Discrimination of any kind, including, but not limited to, sex, race, age, or religious beliefs will not be tolerated.
- Harassment, of any kind, is not acceptable and will be considered a serious breach of Company policy.
- We will respect our own and other people's need to balance their personal and business lives.
- We will support our leaders, encourage our peers and develop all our people.
- Everyone should listen to and attempt to understand alternative perspectives and put our own points of views across openly, effectively and objectively.
- We will respect all of our people and the contribution they make to the firm.

Photon Group Code of Conduct

POLICY NO: 3

DATE EFFECTIVE: January 2004

APPROVED: Photon Group Directors

POLICY: DIRECTORS' DUTIES AND RESPONSIBILITIES

Directors, officers and senior executives of Photon Group and all operating entities are responsible for setting up and maintaining the whole system of internal controls, financial and otherwise, established in order to provide reasonable assurance of effective and efficient operations, reliable financial information and reporting, and compliance with laws and regulations.

The directors of each Group Company have the following responsibilities:

- Ensure that the Photon Group Code of Conduct is adhered to and followed by the Company for which the individual has any responsibility.
- Enforce the Standards of Business Conduct.

The management of a Group company's affairs is the responsibility of its directors, officers and senior executives. Their duties include, but are not limited to:

- Acting in good faith.
- Acting in the best interests of the Group
- Acting within the rules, by-laws or regulations laid down by the Shareholders Agreement, Constitution or Statutes of the company.
- Acting within ASIC laws governing companies, directors and corporate procedures.
- Keeping proper and full accounting records, to ensure that there is proper and full disclosure of information in the accounts, in the reports of the directors and to make proper and full disclosure of matters to the auditors of the company.
- Exercising their duties with care and diligence of a reasonable and prudent person, taking into account the nature of the company's business and its management and administrative arrangements.
- Immediately declaring any direct or indirect interest in any contract or proposed contact with the company.
- Devoting such time and attention to the company's affairs as is reasonable in all circumstances.

Photon Group Code of Conduct

POLICY NO: 4

DATE EFFECTIVE: January 2004

APPROVED: Photon Group Directors

POLICY: CORPORATE ORGANISATION

The Company Secretary is responsible for the maintenance of centralised records concerning the subsidiaries of Photon Group. All changes must be communicated to the Company Secretary.

Each company in the Group is required to maintain its corporate records in accordance with the its respective Company Constitution and laws of its incorporation, amend such records as necessary, and ensure that they are kept in a secure fashion and are immediately accessible.

Corporate records include, but are not limited to, the following:

- Documents of incorporation
- Share register
- Register of directors' interests
- Minute book
- Accounts

Companies will hold such board meetings as are required. Meetings should be convened whenever a subject of such substance or materiality arises as should be properly dealt with by the full board of the company.

Photon Group Code of Conduct

POLICY NO: 5

DATE EFFECTIVE: January 2004

APPROVED: Photon Group Directors

POLICY: ACCOUNTING AND REPORTING

It is the responsibility of the Chief Executive Officer and the finance head of each company to safeguard the assets of their operation, ensure the integrity of their financial data, to submit timely and accurate financial reports to senior management and to comply with all local statutory requirements.

To assist with the achievement of these goals, there are internal and external audit functions.

- The Group's external auditors are KPMG. KPMG is responsible to the Audit Committee of the Photon Group Board and is generally director by the Photon CFO. They are responsible for auditing the consolidated accounts and reporting to the shareholders thereon.

The Chief Executive Officer of each Group Company is required to confirm quarterly that they have acted in the best interests of the subsidiary and the Group by signing and returning to Photon Group CFO the Management Compliance Certificate.

Group accounting policy is established by Photon Group and conforms to applicable Australian Accounting Standards and other mandatory financial reporting requirements in Australia. The Group accounting policies are outlined in the Group Finance Manual and all inquires concerning such policies and procedures should be directed to the Photon Group finance.

Audit fees will be provisionally agreed by the Photon Group audit committee. The fees will then be summarised by (*appointed auditors*) who will then discuss the proposed fees with the Chief Financial

Officer prior to overall approval. Any overruns from the estimated audit fees must have the approval of the Chief Financial Officer for the overrun, in writing, prior to payment.

Photon Group Code of Conduct

POLICY NO: 6

DATE EFFECTIVE: January 2004

APPROVED: Photon Group Directors

POLICY: CONTINUOUS DISCLOSURE

As a company listed on the Australian Stock Exchange (**ASX**), Photon Group Limited (**Photon**) is required to keep the market informed of any information concerning the Photon group of companies of which Photon becomes aware and which a reasonable person would expect to have a material effect on the price or value of Photon shares – that is, **material information**.

Failure to comply with this disclosure obligation can attract significant penalties. In addition to criminal penalties, Photon and any of its officers involved may be liable to compensate anyone who suffers loss or damage because of a failure to comply with the obligation. Potential claimants could include investors who either bought or sold, or would have bought or sold, Photon shares if information had been disclosed as required.

It is therefore important that Photon establish a system which ensures that material information is identified and that decisions about disclosure to the market are made in a timely manner.

The object of this Plan is to ensure that Photon discloses all material information to ASX when required to do so by the Listing Rules or the Corporations Act 2001.

The Company Secretary of Photon Group Limited has been appointed to be responsible for communications with ASX in relation to its obligations under the Listing Rules, including its continuous disclosure obligations under Listing Rule 3.1. .

Directors and Managers must immediately advise the Disclosure Officer if they obtain material information.

Such information must not be passed to a third party before it is released in compliance with the Australian Stock Exchange.

All directors, officers and senior executives of Photon Group Limited and its associated entities who plan to sell/buy shares of Photon Group Limited must inform the Photon Group Company Secretary at least 7 working days prior to such trade.

Further information on the Continuous Disclosure Plan can be obtained from the Photon group Company Secretary.

Photon Group Code of Conduct

POLICY NO: 7

DATE EFFECTIVE: January 2004

APPROVED: Photon Group Directors

POLICY: INTERNAL CONTROL ENVIRONMENT

Internal control is a process, effected by the Group's board, management and all other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- Reliability of financial reporting.
- Effectiveness and efficiency of operations, and
- Compliance with applicable laws and regulations.

It is the Group's policy that adherence to the policies and procedures which give rise to an internal control environment which has at its centre the following components is of paramount importance to all personnel within the Group. Adherence to the Photon Group Code of Conduct is detailed in this document, in conjunction with the Group Finance Manual, forms the basis for the control environment within the Group.

Internal control consists of the following interrelated components:

- Control environment – sets the tone of the Group. The principal factors include integrity and ethical values, commitment to competence and integrity, board of directors commitment, communication of appropriate standards of business behavior and control consciousness, allocation of sufficient time and resources to internal control and risk management, and appropriate organisational structure within which business can be planned, executed, controlled and monitored to achieve Group objectives, creation of an environment that promotes learning within the Group on risk and control issues, appropriate delegation of authority and accountability which has regard to acceptable levels of risk, management's philosophy and operating style, assignment of authority and responsibility, human resource policies and practices; and, fraud prevention and detection.

- Identification and evaluation of risk and control objectives – this is the identification and analysis of relevant risks to achieve the Group’s objectives that form the basis for determining how the risks should be managed.
- Control procedures – These are the policies and procedures that ensure that management directives are carried out. They assist in ensuring that necessary actions are taken to address risks to the achievement of the Group’s business. Control activities have various objectives and are applied at all organisational and functional levels. Adherence to the policies set forth in the Group Finance Manual, in conjunction with Group performance reviews and use of performance indicators, are a major factor in the establishment of control procedures.
- Information and communication – This is the identification, capture and exchange of information in a form and time frame that enables other members of the organisation to carry out their responsibilities. Communication involves providing an understanding of individual roles and responsibilities pertaining to internal control over financial reporting.
- Monitoring and corrective action – This process assesses the quality of internal control performance over time. This requires management to monitor controls to consider whether they are operating as intended and that they are modified as appropriate for changes in condition.

Photon Group Code of Conduct

POLICY NO: 8

DATE EFFECTIVE: January 2004

APPROVED: Photon Group Directors

POLICY: CAPITAL EXPENDITURE (CAPEX)

Definition: Capital expenditures (CAPEX) are the total cash expenditures, for the purchase, hire purchases, lease or construction of assets having a cost in excess \$5,000. The useful life of the asset must be in excess of one year.

Any proceeds from sale of replaced equipment are not to be taken into account when making a capital expenditure request. Leases must be analysed considering total lease costs during the term of the lease.

Capital expenditure for the following year is agreed by Photon Group Board at the time of the budget on a company basis. Thereafter it is the responsibility of the Company CEO to ensure that the-capital expenditures are properly controlled and monitored. The Photon CEO and CFO will review for approval all budgeted and non budgeted expenditure upon receiving the standard CAPEX request form.

CAPEX request forms must be logged in the CAPEX request system in the Photon reporting system. Refer to the Group Finance Manual for further details.

Photon Group Code of Conduct

POLICY NO: 9

DATE EFFECTIVE: January 2004

APPROVED: Photon Group Directors

POLICY: EMPLOYMENT AND CONSULTANCY AGREEMENTS

Any employee or consultant must be approved by the Company CEO prior to the Company being committed to the liability.

Employee Contracts

Employment contracts **must** include the following:

- Reference to salary and any benefits and/or entitlements.
- Provisions in respect of confidentiality.
- Requirements that an employee does not solicit clients or staff for a defined period of time post termination.
- Agreement that the copyright to anything created in the course of employment is the property of the employing company, and
- A term which binds the employee to uphold these policies.

Employment contracts **must not** include the following:

- Any term which exceeds one year in length unless approved otherwise by the Company Board.
- Any automatic increase in salary by reference to any price or inflationary index or any term at all which has the effect of reducing the ex-employee's duty to mitigate his loss in the event of termination.
- Any guaranteed net compensation.
- Any guaranteed bonuses, and
- Any guarantee of additional salary to cover tax payable by the employee on any benefits granted.

No employee may have his/her employment terminated by reason of age, sex or race. Any such action or attempted action will be regarded by the Board as a very serious breach of policy.

POLICY NO: 10

DATE EFFECTIVE: January 2004

APPROVED: Photon Group Directors

POLICY: EMPLOYEE LOANS

As a General rule, the Group Companies will not make loans to employees.

It should further be noted that in many cases employee loans are governed by applicable tax and accounting laws (particularly to Company Directors and officers)

In those rare cases where an employee loan is contemplated, they are acceptable if they are:

- Available equally to all personnel regardless of position,
- Such a loan cannot be significant (no greater than 5%) when compared with the employee's base salary (ex superannuation)

All other employee loans must be approved in writing, in advance, by the CEO of the company, with the request clearly stating terms and repayment dates.

If a loan is made to an employee it should not be allowed to remain unpaid after the termination of employment or beyond a financial year.

Photon Group Code of Conduct

POLICY NO: 11

DATE EFFECTIVE: January 2004

APPROVED: Photon Group Directors

POLICY: TRAVEL AND ENTERTAINMENT

The Group policy is to reimburse employees for all ordinary and necessary business expenses incurred by them in the course of their employment on Group business. All employees are expected to use their best judgment in the disbursement of funds. There is an overriding requirement that all travel and entertainment policies conform to tax requirements such as Fringe Benefits Tax.

The following rules on approval of expense reports must be followed in all instances, at a minimum:

- No individual can approve their own expense claim
- The employee's immediate supervisor or department head must approve expense claims,
- The Group CFO must approve each Company CEO's travel claim prior to settlement\
- The Group expense claim form must be correctly completed for approval

All senior executives and employees should travel economy class. Business class on international flights is permitted only where the time period **of the flight is greater than 6 hours.**

Domestic Business Class travel is limited solely to Directors of Photon Group Limited.

Photon Group Code of Conduct

POLICY NO: 12

DATE EFFECTIVE: January 2004

APPROVED: Photon Group Directors

POLICY: OUTSIDE LEGAL AND TAX SERVICES

Outside legal advice may be used for routine legal matters provided the fee's are not anticipated to exceed \$5,000 for any transaction or matter.

The matter or transaction does not otherwise have to be referred elsewhere in accordance with any other group policy. In all other cases, Company management must inform the Photon Group Company Secretary prior to seeking external legal advice.

The Group Financial Controller is responsible for handling and supervising all the corporate tax work of the work. External advisors apart from the Group's appointed firm may be used for company tax compliance and other work where the estimated cost of the project is less than \$1,000, but with advance approval from the Group Financial Controller.

Photon Group Code of Conduct

POLICY NO: 13

DATE EFFECTIVE: January 2004

APPROVED: Photon Group Directors

POLICY: LONG TERM COMMITMENTS

A long term commitment is considered to be a contract or agreement not in the ordinary course of business which binds any Company of the Group for a period in excess of 12 months and will cost in total \$20,000.

Examples of long term commitments would include agreements such as preferred supplier agreements, property and equipment leases, non-standard client agreements, banking and other finance or any other large contracts. If in doubt, please contact Photon Group finance.

Any long term commitment requires written approval from the Group CEO and CFO. The proposal will be considered upon all appropriate documentation are provided.

Both the Group CEO and CFO will have the discretion to seek the advice of external advisors at the cost of the respective company.

Photon Group Code of Conduct

POLICY NO: 14

DATE EFFECTIVE: January 2004

APPROVED: Photon Group Directors

POLICY: INVESTMENTS

Acquisitions

No acquisition may be concluded nor the Group committed until all of the required procedures have been completed and approved. Before any negotiations of terms of any proposed acquisition, written approval of the Group CEO or Executive Director must be obtained.

Before any acquisition can be completed, the Group due diligence process must be followed and the Group CFO and CEO must give written approval. The approval of the Photon Board is also required.

Photon Group Code of Conduct

POLICY NO: 15

DATE EFFECTIVE: January 2004

APPROVED: Photon Group Directors

POLICY: LEGAL ACTION (LITIGATION)

No lawsuit, arbitration or any similar proceeding may commence by any Group company prior to discussions between the relevant officers concerned and the appointed legal advisor regarding the merits of the case. If it is decided that a lawsuit or proceeding should commence the Group CEO, Executive Director or CFO (or in their absence another Director of the Photon Group board) must be informed prior to commencement of such action.

Photon Group Code of Conduct

POLICY NO: 16

DATE EFFECTIVE: January 2004

APPROVED: Photon Group Directors

POLICY: TREASURY

Central Treasury approval is required for the following:

Banking

- Opening and Closing bank accounts
- Any changes of commercial banking arrangements

Borrowing, Lending, Transferring Funds

- Any change to borrowing facilities,
- Any addition of or change to long term debt other than scheduled payments
- Investment of surplus cash
- Lending money to a third party
- Entering into a finance lease
- Factoring or selling trade receivables

Guarantees, Restrictive Covenants

- No guarantees, indemnities, acceptance of documentary credit facilities, letters of comfort can be provided to third parties which guarantee on behalf of the Group or its companies any indebtedness, dividend or other obligation without Group Treasury approval.
- The Group Financial Controller must in advance be provided with all restrictive covenants proposed to be given to a financing institution

Management of Trade Receivables and Payables

- Credit Risk - Assessment and management of credit risks are the responsibility of the Company CEO and finance head. Each company must establish and document its own guidelines for assessing the credit risk of new clients

Other

- All payments must have at least authorised signatories signing together on any bank account or other banking transaction, including EFT.
- It is the responsibility of each Company CEO and finance head to ensure that appropriate controls are documented and put in place.
- Each Group Company will provide Photon Finance details of cash and working capital for the preceding week
- Where required, Photon head office will have the authority to call for an intercompany loan from wholly owned entities for the financing of external debt requirements and payment of dividends to its shareholders,
- In addition, subject to the requirements of respective Shareholder Agreements, non-wholly owned controlled entities in the group will review for payment dividends each quarter subject to working capital, available franking credits and approved CAPEX commitments.

Photon Group Code of Conduct

POLICY NO: 17

DATE EFFECTIVE: January 2004

APPROVED: Photon Group Directors

POLICY: INSURANCE

Photon Group Ltd is responsible for the renewal, maintenance and purchasing of certain insurance covers to ensure cover and cost control. These insurance policies include:

- Directors & Officers Liability
- Business Contents
- Professional Indemnity
- Key Man Insurance (if necessary)
- General business insurances

All policy documentation with respect to the above policies is held by the Group Finance Team. Group companies should not purchase any additional insurance coverage with respect to the above policies without prior written approval of the Group Finance Team.

It is a condition of the Group's insurance policies that all material facts be disclosed immediately to the broker or Underwriters during the period of insurance via the Group Finance Team.

It is essential that the Group Finance Team is immediately notified of any potential new claims or circumstances that may give rise to such a claim under the above policies. The Group Finance Team will notify the broker or underwriter.

All documents relating to any claim that needs to be filed under the above insurance covers should be sent to the Group Finance Team.

It should be noted an admission of liability or remedial work undertaken endangers the success of the insurance claim.

It is the duty of each company's CEO to ensure that all employees are aware of and comply with this policy.

POLICY NO: 18

DATE EFFECTIVE: January 2004

APPROVED: Photon Group Directors

POLICY: PROVISION OF FINANCIAL INFORMATION

Giving out information of individual companies within the group is not permitted under Photon policies, additionally it contravenes continuous disclosure requirements from ASX.

Please use this paragraph as a guide to informing on tenders etc....

Photon Group of Companies response to requests for Company Financial Details

[Company] is a private incorporated Australian Company, and as such, does not produce public financial reports. [Company] is [xxx%] owned and controlled by the Photon Group, a company listed on the Australian Stock Exchange. Photon does not report on individual components of its consolidated results as the market considers the results of the group as a whole.

[Company's] strategic direction and financial results are directly tied to that of the group and the group financial results are available on request.

It is the duty of each company's CEO to ensure that all employees are aware of and comply with this policy.