

**PHOTON GROUP LIMITED**

**CONTINUOUS DISCLOSURE PLAN**

**1. BACKGROUND**

- 1.1 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**.
- 1.2 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.
- 1.3 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.

**2. OBJECT AND METHOD**

- 2.1 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.
- 2.2 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. For the purposes of this Plan the Company Secretary will be referred to as the **Disclosure Officer**.
- 2.3 Directors and Managers must immediately advise the Disclosure Officer if they obtain material information. For the purposes of this Plan, **Managers** means Senior management and officers (as those terms are used by Photon).

2.4 Managers must also include in their regular monthly reports to the Board matters that may become material.

2.5 The rest of this Plan is divided into sections on:

(a) what must be disclosed and when it must be disclosed; and

(b) the responsibilities of:

(i) the Board;

(ii) the Disclosure Officer; and

(iii) individual Directors and Managers,

in regard to Photon's disclosure obligations.

### 3. WHAT MUST BE DISCLOSED AND WHEN MUST IT BE DISCLOSED

3.1 ASX Listing Rules require Photon to disclose information to ASX immediately if:

(a) a director or executive officer becomes aware of information; and

(b) a reasonable person would expect that information to have a material effect on the price or value of Photon's shares. There are certain circumstances where Photon will be exempted from complying with this requirement – see paragraph 3.3 below.

- **INFORMATION WILL HAVE A "MATERIAL EFFECT" ON SHARE PRICE OR VALUE IF IT WOULD BE LIKELY TO INFLUENCE PERSONS WHO COMMONLY INVEST IN SECURITIES IN DECIDING WHETHER TO BUY OR SELL THE SHARES.**
- **COMPANY OFFICERS ARE "AWARE" OF INFORMATION IF THEY HAVE, OR SHOULD HAVE, COME INTO POSSESSION OF THE INFORMATION IN THE COURSE OF FULFILLING THEIR DUTIES AS OFFICERS. THIS REQUIRES DIRECTORS AND MANAGERS TO HAVE READY ACCESS TO ALL IMPORTANT INFORMATION ABOUT THE PHOTON GROUP AND TO KEEP UP-TO-DATE WITH ALL MATTERS WITHIN THEIR RESPONSIBILITY WHICH MAY BE OR BECOME MATERIAL.**

3.2 The following are examples of the type of information which may require disclosure:

- **SIGNIFICANT NEW INFORMATION AS TO FINANCIAL CONDITIONS, FINAL OR**

**NEAR FINAL TRANSACTIONS AND MATTERS WHICH MAY SIGNIFICANTLY AFFECT REPUTATION SHOULD CLEARLY BE CONSIDERED FOR DISCLOSURE.**

- **WHERE MARKET TRENDS OR ANY OTHER EVENTS MATERIALLY AFFECT THE PROFITABILITY OF PHOTON (AS A RULE OF THUMB, AN AMOUNT OF 10% OR MORE MIGHT BE CONSIDERED MATERIAL).**
- **FINANCIAL INFORMATION – THIS MAY EXTEND BEYOND THE PERIODIC REPORTING REQUIREMENTS OF PHOTON.**
- **SETTLEMENT OF CLAIMS IN LITIGATION INVOLVING THE PAYMENT OF DAMAGES, EVEN IF CONFIDENTIAL.**
- **EXECUTION OF FORMAL CONTRACTS OR BINDING HEADS OF AGREEMENT WHERE THESE ARE NOT CONDITIONAL UPON A MATTER SERIOUSLY IN DOUBT, AND WHERE THE RELEVANT NEGOTIATIONS ARE COMPLETE.**

**FURTHER DETAILED WORKING EXAMPLES ARE SET OUT IN ASX GUIDANCE NOTE ON CONTINUOUS DISCLOSURE.**

3.3 Information is not required to be disclosed if all of the following three requirements are satisfied:

- (a) a reasonable person would not expect the information to be disclosed – for example, if disclosure would cause undue prejudice to Photon; and
- (b) the information is confidential; and
- (c) one or more of the following applies:
  - (i) it would be a breach of law to disclose the information;
  - (ii) the information concerns an incomplete proposal or negotiation;
  - (iii) the information comprises matters of supposition or is insufficiently definite to warrant disclosure;
  - (iv) the information is generated for the internal management purposes of Photon; or
  - (v) the information is a trade secret.

If any of the requirements ceases to be satisfied, Photon must immediately disclose the information to ASX.

- **INFORMATION CANNOT BE MADE CONFIDENTIAL SIMPLY BY EXECUTING CONFIDENTIALITY AGREEMENTS WITH PARTIES TO WHOM INFORMATION IS DISCLOSED. THE INFORMATION MUST IN FACT BE CONFIDENTIAL.**
- **DIRECTORS SHOULD REGARD ANY EXEMPTION FROM DISCLOSURE AS TEMPORARY AND SHOULD REVIEW THE SITUATION REGULARLY.**

3.4 It should also be noted that:

- (a) Photon must disclose material information of which it is aware, whatever may be the source of the information; and
- (b) protection from disclosure will disappear if the information ceases to be secret.

#### **4. TRADING HALTS AND SUSPENSION OF QUOTATION**

4.1 Where Photon is required to make an announcement to ASX but is concerned that such an announcement would not be sufficient to inform the market (because, for example, the information disclosed would be insufficiently complete), Photon should consider a trading halt or suspension until such time as an appropriate announcement can be made. A trading halt can be requested for a period of up to 48 hours.

4.2 A trading halt can also be used by Photon as an appropriate way of managing an unexplained price or volume change until an announcement can be made.

#### **5. MARKET SPECULATION**

5.1 Photon must issue a statement in relation to a market rumour or speculation where:

- the speculation is reasonably specific; and/or
- the market moves in a way that appears to be referable to the rumour or speculation.

Failure to do so may place the company in breach of its continuous disclosure obligations, as information may have become available to a part of the market only. ASX may call on Photon to make a statement in these circumstances.

5.2 Market speculation should be closely monitored and public statements should be made where the company is aware of rumours which may cause a movement in the market or have a material effect on the price or value of Photon shares.

## **6. RESPONSIBILITIES OF THE BOARD**

6.1 As the Board has overall responsibility for supervision of Photon, it must ensure that Photon meets its disclosure obligations as outlined above.

6.2 The Board's responsibilities are to:

- (a) adopt a plan to ensure compliance with Photon's disclosure obligations; and
- (b) put in place a system for monitoring compliance with the plan and Photon's disclosure obligations. In particular, the Board should not rely solely on reports prepared by Photon's management. In practice, the Board should require Photon's external auditors to audit compliance.

## **7. RESPONSIBILITIES OF THE DISCLOSURE OFFICER**

7.1 In general terms, the role of the Disclosure Officer is to:

- (a) ensure or oversee the following:
  - (i) that all employees are aware of and complying with, the continuous disclosure requirements. This may be achieved by circulating a summary of the requirements and any other guidelines developed by Photon, together with instructions on who to contact if an issue arises which is sufficiently material that it may warrant disclosure;
  - (ii) that Photon carefully considers whether a piece of information may be price-sensitive before release to the public, so as to ensure that such information is first released to ASX;
  - (iii) that employees are updated regularly on the sorts of company information which are sensitive or confidential (so as to ensure maintenance of confidence);
  - (iv) that employees are aware of how to manage unexpected calls from the media;
  - (v) that information to be posted on Photon web-site is carefully reviewed and that the site is kept up-to-date;
  - (vi) that information to be published in internal bulletins is carefully reviewed for price-sensitivity; and
  - (vii) that market speculation is closely monitored and that public statements are made by Photon where a rumour or other speculative information may have a material effect on the price of value of Photon shares.

- (b) decide (in consultation with the Chairman and CEO) what information must be disclosed to ASX;
- (c) conduct all disclosure discussions with ASX;
- (d) maintain a record of material that has been disclosed to ASX and material that has not been disclosed to ASX together with the reasons for non-disclosure (referred to in this Plan as the **Disclosure File**);
- (e) review the monthly management reports from Managers to determine whether matters which have been noted as potentially material:
  - (i) should then be disclosed to ASX; or
  - (ii) have been resolved in a manner which does not require disclosure; and
- (f) submit monthly reports to the Board setting out:
  - (i) the number of matters reported to the Disclosure Officer, broken down into the number disclosed to ASX and not disclosed to ASX;
  - (ii) a brief summary of each matter not disclosed to ASX and the reason for non-disclosure; and
  - (iii) any significant matters revealed by the Disclosure Officer's review of monthly management reports.

7.2 If the Disclosure Officer receives a report from a Director or Manager that certain information is or might be material, the Disclosure Officer must immediately decide whether that information should be disclosed to ASX. A copy of the report (or relevant part of the report) and any correspondence relating to the review of the report should be kept on the Disclosure File.

7.3 There are three alternatives in the circumstances referred to in paragraph 7.2:

- (a) **THE DISCLOSURE OFFICER BELIEVES THE INFORMATION IS MATERIAL AND MUST BE DISCLOSED.** In this case the Disclosure Officer must discuss the matter with the Chairman of the Board or the Chief Executive and prepare and send a notice to ASX disclosing the material information. A copy of the notice must be placed on the Disclosure File.
- (b) **THE DISCLOSURE OFFICER IS CONVINCED THE INFORMATION IS NOT MATERIAL OR DOES NOT HAVE TO BE DISCLOSED BECAUSE IT IS COVERED BY THE EXCEPTION TO DISCLOSURE.** In this case, the Disclosure Officer must make careful notes as to the

information that has been brought to his attention and the reasons that the information is not material. These notes must be placed on the Disclosure File.

- (c) **THE DISCLOSURE OFFICER IS NOT CERTAIN WHETHER THE INFORMATION IS MATERIAL OR WHETHER IT FALLS WITHIN AN EXCEPTION.** In this case, the Disclosure Officer must seek urgent external legal advice to determine whether disclosure is required.

7.4 The Disclosure Officer must also review the monthly management reports from Managers. The purpose of the review is to ensure that matters noted as potentially material are brought to their proper conclusion – either by disclosure to ASX or confirmation that they are not material or do not have to be disclosed.

7.5 The Disclosure Officer must also prepare reports to the Board as set out above. As far as possible the Disclosure Officer should indicate in these reports the significance of various items.

## **8. RESPONSIBILITIES OF INDIVIDUAL DIRECTORS AND MANAGERS**

8.1 Directors and Managers must immediately disclose material information that comes to their attention to the Disclosure Officer. Managers must also set out in their monthly reports particulars of information which may, in time, become material and need to be disclosed.

8.2 If a Director or Manager finds out information which he or she believes to be material, he or she must immediately notify that information to the Disclosure Officer. Even where the Director or Manager believes the information falls within an exception to disclosure, he or she must notify the Disclosure Officer of the information and also notify the reason the information does not have to be disclosed.

8.3 If a Director or Manager is unsure whether the information is material or falls within an exception, the information must be disclosed to the Disclosure Officer. The primary role of a Director or Manager is to notify material information. The decision as to whether that information is material or falls within an exception is primarily the role of the Disclosure Officer.

8.4 In addition to immediate notification, Managers must include in their monthly management reports a summary of:

(a) matters within their responsibility which may give rise to material information in the future; and

(b) in relation to matters raised in earlier managements reports, either:

(i) a statement that information has been disclosed to ASX;

- (ii) a summary of the reasons that the matters are no longer likely to give rise to material information; or
- (iii) a statement that the Manager is still monitoring the matter.

In the event that there are no matters which potentially give rise to material information, the Manager must certify that to be the case in the monthly report.

8.5 Disclosure is intended to become part of a Manager's ordinary monthly reporting. In order to comply with this Plan, Managers will need to implement appropriate reporting processes for their subordinates.

8.6 Any questions about continuous disclosure or this Plan should be referred to the Disclosure Officer.

## 9. SPOKESPERSONS

9.1 Photon should keep the number of authorised spokespersons to a minimum. Spokespersons should:

- restrict comment on information already disclosed to ASX;
- avoid commenting on any price sensitive matters not disclosed to ASX; and
- be aware of Photon's disclosure history before making any public comment.

## 10. ANALYST BRIEFINGS

10.1 **BEFORE BRIEFINGS** – ensure that any slides and presentations to be used are provided to ASX and then posted on Photon's website.

10.2 **DURING BRIEFINGS** – take care with questions which are outside the anticipated scope of the briefing. If a question can only be answered by disclosing price sensitive information, decline to answer or take it on notice, then disclose the relevant information to ASX before responding.

10.3 **AFTER BRIEFINGS** – carefully review what was said to ensure that no price-sensitive information was disclosed. If any price-sensitive information was disclosed, release it first to ASX, then post it on Photon's website.

**ADOPTED BY THE BOARD 29 APRIL 2004**

**REVIEWED AND UPDATED**