

## PHOTON GROUP LIMITED

### SECURITIES TRADING POLICY

This securities trading policy has been adopted by the board of directors of Photon Group Limited (ASX: PGA) (**Photon**) and outlines when Key Employees, including directors and senior management may trade in Photon Securities.

This policy also provides guidance regarding the prohibition on insider trading.

#### 1. Defined terms

In this policy:

**ASX** means the Australian Securities Exchange;

**Board** means the board of directors of Photon Group Limited;

**Director** means a director of Photon Group Limited;

**Deal or Dealing** means buying or selling securities or entering into an agreement to buy or sell securities, including disposing, exercising or discharging an option over securities but does not include an Excluded Dealing (as defined below).

**Designated Officer** means the General Counsel of Photon, or in the absence of the General Counsel, the Chairman of the Board (or his delegate).

**Excluded Dealing** means:

- (i) a transfer of Photon Securities already held in a superannuation fund or other saving scheme in which the Key Employee is a beneficiary;
- (ii) an investment in, or trading in units of, a fund or other scheme (other than a scheme only investing in Photon Securities) where the assets of the fund or scheme are invested at the discretion of a third party;
- (iii) where a Key Employee is a trustee of a trust trading in Photon Securities, so long as the Key Employee is not a beneficiary of the trust and any decision to trade during a prohibited period is taken by the other trustees or by investment managers independently of the Key Employee;

- (iv) undertakings to accept, or the acceptance of, a takeover offer;
- (v) trading under an offer or invitation made to all or most of the security holders, for example, a rights issue, security purchase plan, dividend or distribution reinvestment plan or an equal access buy-back, where the plan that determines the structure of the offer has been approved by the Board;
- (vi) a disposal of Photon Securities that is the result of a secured lender exercising their rights, for example, under a margin lending arrangement; and
- (vii) the exercise (but not the sale of) an option or right under a Photon employee incentive scheme.

**Key Employee** means:

- (i) a Director;
- (ii) the Chief Executive Officer of Photon;
- (iii) the Chief Financial Officer of Photon;
- (iv) the Company Secretary of Photon;
- (v) all employees of Photon head office including: the head of any division of Photon; head of strategy; General Counsel; the Chief Financial Officer (if any) of any division of Photon; and members of the Photon finance team; and
- (vi) the Chief Executive Officer of any entity in the Photon Group;

**Photon Group** means Photon Group Limited and each of its controlled entities; and

**Photon Securities** means shares in Photon, options over Photon shares and any other financial products issued or created over or in respect of Photon's shares which are traded on the ASX.

## **2. Purpose of this policy**

The purpose of the policy is to raise awareness and provide an explanation of the prohibition on insider trading under the *Corporations Act 2001 (Cth)* (Corporations Act) and to define the periods when Key Employees are prohibited from trading in Photon Securities.

## **3. Insider Trading**

- 3.1 If a person has inside information concerning the securities in a company, or information which he/she ought to reasonably know is inside information, concerning the securities in a company, it is illegal for that person to Deal in those securities or to procure anyone else to Deal in those securities.
- 3.2 In addition, any employee who has inside information concerning Photon Securities or the securities of any other listed entity must not communicate that inside information to another person, directly or indirectly, if he/she knows or ought reasonably to know, that the other person would, or would be likely to, deal in Photon Securities or the securities of the other entity or procure another person to deal in Photon Securities or the securities of another listed entity.
- 3.3 Insider trading is a criminal offence. It is punishable by substantial fines, imprisonment, or both. The purpose of this policy is to highlight your obligations not to use inside information – compliance with this policy is not a substitute for complying with the law. If you deal in securities while in possession of inside information, or provide inside information to a third party who you know or ought reasonably to know is likely to deal in securities, you will be breaking the law, regardless of whether you have followed this policy.

#### **4. What is Inside Information concerning Photon Group?**

- 4.1 Inside information concerning Photon Group is information concerning Photon Group's financial position, strategy, operations or any other information, which is not generally available and which, if it were generally available, would be likely to influence reasonable persons to buy or sell Photon Securities.
- 4.2 Inside information includes information on matters that have not yet been finalised, for example, material contracts under negotiation, potential acquisitions or dispositions or any substantial litigation involving a member of the Photon Group. Inside information also includes financial information that has not yet been released to the market, for example information relating to the actual financial performance of Photon or the performance of individual companies or divisions which is material to the Photon Group as a whole.

#### **5. When can an employee Deal in securities?**

- 5.1 Subject to clause 5.2, an employee of Photon Group, who is not a Key Employee, may Deal in Photon Securities (or the securities of another listed entity) if he/she **does not** have information which he/she knows, or ought reasonably to know, is inside information in relation to the Photon Securities or those securities of the other entity.

- 5.2 Regardless of whether you are a Key Employee, all employees may at certain times have access to inside information. This may occur, for example, during the period commencing at the end of the half year and the release by Photon of its half year results and/or during the period commencing at the end of the financial year and the release of Photon's full year results. During these periods you must obtain the clearance of the Designated Officer prior to dealing in Photon Securities whether or not you believe you have inside information.
- 5.3 An employee of Photon Group, who is not a Key Employee, may not Deal, nor procure another person to Deal, in Photon Securities (or the securities of another listed entity) if he/she has information which he/she knows or ought reasonably to know is inside information in relation to that company's securities.

## 6. Key Employees Dealing in Photon Securities

- 6.1 Subject to the terms of this clause 6, a Key Employee **may only Deal in Photon Securities:**
- (a) during one of the following trading windows:
    - (i) in the 60 days beginning from the close of trading on the day after Photon announces its half year results to the ASX;
    - (ii) in the 60 days beginning from the close of trading on the day after Photon releases its full year results to the ASX; and
    - (iii) in the 30 days beginning at the close of trading on the day after Photon's Annual General Meeting; (each period a **"trading window"**) and
  - (b) if he/she has obtained the clearance of the Designated Officer in compliance with clause 7 below.
- 6.2 Regardless of whether a proposed Dealing will occur in a trading window, a Key Employee may not Deal or procure another person to Deal in Photon Securities if he/she has information which he/she knows or ought reasonably to know, is inside information concerning the Photon Securities.
- 6.3 A Key Employee may not deal or procure another person to deal in listed securities in another entity if he/she has information which he/she knows, or ought reasonably to know, is inside information in relation to those securities by virtue of their position as an employee of any Photon Group company.

6.4 A Key Employee may not trade in financial products issued or created over Photon Securities by third parties.

6.5 A Key Employee may not engage in short-term speculative dealing in Photon Securities.

## **7. Clearance for Dealings in Photon Securities**

7.1 Before Dealing in Photon Securities (including entering into any margin loan or similar arrangement in relation to Photon Securities) a Key Employee **must first obtain clearance from the Designated Officer.**

7.2 A request for clearance must be made to the Designated Officer in writing at least 2 business days before the proposed trade is made. Where clearance to deal in Photon Securities is granted by the Designated Officer such clearance will be provided in writing (including email) and shall be valid for any dealings occurring within 3 business days of such clearance being given.

7.3 Subject to clause 8 below, the Designated Officer **may only give clearance during the trading windows** set out in clause 6.1 above. The Designated Officer may not give clearance during a trading window if there is a matter about which there is inside information in relation to Photon Securities and the Designated Officer has reason to believe that the proposed Dealing breaches any applicable law.

7.4 The Designated Officer must keep a record of any request for clearance by an employee or a Key Employee, along with any clearance given under this policy.

## **8. EXCEPTIONAL CIRCUMSTANCES**

8.1 A Key Employee who is not in possession of inside information concerning Photon Group may be given prior written clearance to sell or otherwise dispose of Photon Securities outside of one of the trading windows where the Key Employee is in severe financial hardship or where there are exceptional circumstances. An example of when severe financial hardship may occur is if the Key Employee has a pressing financial commitment which cannot be satisfied otherwise than by selling the relevant Photon Securities.

8.2 The Designated Officer will determine whether a particular set of circumstances falls within the range of exceptional circumstances. Where necessary the designated officer will consult with the Chairman prior to making a determination. The person seeking clearance must satisfy the Designated Officer that they are in severe financial hardship or that their circumstances are otherwise exceptional and that the proposed sale or disposal of the relevant securities outside of the usual trading windows is the only reasonable course. The

Designated Officer cannot provide clearance in circumstances where the Key Employee has information which he/she knows or ought reasonably to know, is inside information, regardless of the evidence of financial hardship or exceptional circumstances.

8.3 A request made to the Designated Officer to trade outside the usual trading windows on the basis of severe financial hardship or exceptional circumstances must be made to the Designated Officer in writing at least 2 business days prior to the date of the proposed Dealing. Where clearance to deal outside of the usual trading windows is provided by the Designated Officer it must be provided in writing (including email) and shall be valid for any dealings occurring within 3 business days of such clearance being given.

If you have any questions regarding this policy please contact Photon's General Counsel or Company Secretary.

30 December 2010

**Designated Officer**

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General Counsel and Company Secretary

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