

## **KNEOMEDIA LIMITED**

ACN 009 221 783

### **Share Trading Policy**

**Approved by the Board on 29 December 2010  
and updated on 15 March 2011**

#### **1. INTRODUCTION AND PURPOSE**

KNeoMedia Limited (KNeoMedia or the Company) is committed to ensuring that the Company and its employees do not breach prohibitions on insider trading or create any perception of senior managers or employees dealing in shares when they should not do so.

This Policy establishes procedures that provide protection to the Company and its directors, senior management and employees against the misuse of unpublished price sensitive information which could materially affect the value of the Company's shares.

#### **2. SCOPE**

This Policy applies to:

- a) all directors and officers of the Company and its subsidiaries;
- b) all employees of the Company and its subsidiaries (the Group) nominated as being in possession of Price Sensitive Information;
- c) all senior management of the Group;
- d) All persons who have access to consolidated Group financial information (whether employed by the Group or not); and
- e) their associates (as defined in the Corporations Act).

In this Policy, the persons listed above will be collectively referred to as Relevant Persons.

#### **3. DEALING IN SECURITIES**

KNeoMedia is required under the ASX Listing Rules to immediately provide all information which may have a material effect on the price or value of the Company's shares ("Price Sensitive Information"). Employees may come into possession of Price Sensitive Information before the Company has made that information available to the market. It is imperative that all such employees keep that Price Sensitive Information confidential and do not trade in the Company's shares before that Price Sensitive Information is released and becomes generally available. To deal in KNeoMedia shares at these times would breach the insider trading provisions of the Corporations Act which provide as follows:

*A person is prohibited from dealing in, or procuring others to deal in, securities of a relevant entity where:*

- *the person possesses information which is not generally available; and*

- *that information may have a material effect on the Company's share price; and*
- *the person knows or ought reasonably to know that the information is not generally available and if it were, it might have a material effect on the share price.*

Breach of the insider trading provisions of the Corporations Act is a criminal offence punishable by substantial fines or imprisonment or both. Insider trading may also attract civil penalties. A court may impose substantial monetary penalties for insider trading and order payment of compensation to persons who suffer loss or damage because of insider trading.

#### **4. ACCOUNTABILITIES UNDER THIS POLICY**

The Board is responsible for:

- establishing and reviewing this Share Trading Policy; and
- interpreting the Policy if so requested by the Company Secretary.

The Company Secretary is accountable for:

- communicating the Policy to employees;
- providing advice as to compliance with the Policy;
- maintaining guidelines for establishing compliance with this Policy and the law relating to dealing in securities; and
- maintaining the required registers and records.

#### **5. TRADING BLACK OUT PERIODS**

Relevant Persons must not trade in KNeoMedia securities between:

- a) 1st January until the release to the ASX of KNeoMedia's half yearly results; or
- b) 1st July and the release to the ASX of KNeoMedia's full year results; or
- c) where the Company is involved in a corporate transaction that might have a material impact on the share price; or
- d) at any other time when in possession of Price Sensitive Information.

At other times, before trading in KNeoMedia securities, Relevant Persons should check with the Company Secretary to ensure that they are not in possession of Price Sensitive Information that is not generally available.

In exceptional circumstances, the Chairman of the Board may give approval for a Relevant Person to dispose of (but not to acquire) Company securities during the blackout periods. The Chairman decides whether or not the circumstances are exceptional. Exceptional circumstances will include:

- a) severe financial hardship;
- b) an undertaking given to, or an order by, a court; and
- c) such other exceptional circumstances as may from time to time be determined by the Chairman.

Such approval will not be granted if the Relevant Person is in possession of Price Sensitive Information.

## 6. PERMITTED DEALINGS

Where paragraph 5 does not apply, Relevant Persons may deal in the Company's securities subject to the notification and approval requirements set out below.

### Directors

#### *Advance notification required*

6.1 During any of the following periods:

- a) the 4 week period commencing at 10.00am on the next trading day after the announcement to ASX of half-yearly results;
- b) the 4 week period commencing at 10.00am on the next trading day after the announcement to ASX of the preliminary final statement or full year results;
- c) the 4 week period commencing at 10.00am on the next trading day after the holding of the Annual General Meeting; or
- d) the period that the Company has a current prospectus or other form of disclosure document on issue under which persons may subscribe for securities,

directors must notify of any dealing in the Company's securities as follows:

- the Chair of the Board must notify the Chairman of the Audit Committee in advance of any proposed dealing; and
- any other director of the Company must notify the Chairman of the Board in advance of any proposed dealing.

#### *Approval required*

6.2 During any other period, directors must receive approval for any proposed dealing in the Company's securities as follows:

- a) the Chairman of the Board must inform and obtain approval from the Chairman of the Audit Committee before undertaking a transaction; and
- b) any other director of the Company must inform and receive approval from the Chairman of the Board before undertaking a transaction.

6.3 It is intended that a request for approval to trade will be answered within 2 business days, and such approval will confirm how many days are available for trading.

#### *Confirmation required*

6.4 Following a trade of securities by Directors, confirmation of price and quantity must be provided to the Company Secretary within 3 business days to ensure that the notification obligations of Directors under ASX Listing Rule 3.19A or s. 205G of the Corporations Act are satisfied.

- 6.5 In addition, where a Director has entered into a margin loan or a similar arrangement for a material number of securities, then the Director must also report to the Company Secretary:
- the key terms of the arrangements;
  - the number of securities involved;
  - the trigger point;
  - the right of the lender to sell unilaterally; and
  - any other material details.

The Company Secretary must report this information to the Board for it to determine whether the Company is required under ASX Listing Rule 3.1 (the standard "continuous disclosure" rule) to disclose this information.

### **Relevant Persons other than Directors**

6.6 During any of the following periods:

- a) the 4 week period commencing at 10.00am on the next trading day after the announcement to ASX of half-yearly results;
- b) the 4 week period commencing at 10.00am on the next trading day after the announcement to ASX of the preliminary final statement or full year results;
- c) the 4 week period commencing at 10.00am on the next trading day after the holding of the Annual General Meeting; or
- d) the period that the Company has a current prospectus or other form of disclosure document on issue under which persons may subscribe for securities,

Relevant Persons other than Directors must notify the Company Secretary, in advance, of any dealing in the Company's securities.

- 6.7 During any other period, such Relevant Persons must inform and receive approval from the Company Secretary before undertaking any proposed dealing in the Company's securities.
- 6.8 It is intended that a request for approval to trade will be answered within 2 business days.
- 6.9 On provision of notification or receipt of approval, a Relevant Person may undertake the proposed dealing. The Relevant Person must confirm any such dealings with the appropriate person (as listed above) within 3 business days of the dealing.

## **7. EXCLUDED TRADING**

No approval is required in connection with any of the following however must still be notified to the Company Secretary within 3 business days to ensure any regulatory notifications are made, including compliance with the Listing Rules in relation to Directors Interests:

- a) participation in any dividend reinvestment plan operated by the Company and other corporate actions open to all shareholders, although the insider trading prohibition under paragraph 8 still applies;
- b) transfers of securities where there is no change in the beneficial interest;

- c) trading by a fund or other scheme in which the Relevant Person holds securities, where the investment is solely at the discretion of a third party.

Other employees may trade in KNeoMedia's securities at any time other than when they are in possession of Price Sensitive Information not generally available to the market.

Relevant Persons may subscribe for KNeoMedia securities by participating in any KNeoMedia Employee Share Plan at any time.

Where doubt exists as to the possession of Price Sensitive Information not available to the market, advice should be sought from the Company Secretary before trading in the Company's securities.

## **8. DEALING IN SHARES OF OTHER COMPANIES**

If employees have Price Sensitive Information relating to a company outside KNeoMedia which is not generally available to the market, the same insider trading rules outlined above apply to buying and selling shares in that company. Examples of this may include, but are not limited to, the following:

- Another company may provide Price Sensitive Information about itself to KNeoMedia in the course of a proposed transaction;
- Another company with whom KNeoMedia is dealing may provide Price Sensitive Information about a third company; or
- Information concerning KNeoMedia or actions which may be taken by KNeoMedia (e.g. a planned transaction or strategic change) could reasonably be expected to have an effect on a third party company.

Apart from the application of the insider trading rules to shares in other companies, employees are also bound by a duty of confidentiality in relation to information obtained in the course of their duties in respect of third parties.

## **9. CONFIDENTIALITY OF PRICE SENSITIVE INFORMATION**

Relevant Persons must ensure that contractors, advisers, consultants and other outside parties retained by the Company who may come into possession of Price Sensitive Information are bound by appropriate assurances of confidentiality.

## **10. ADVICE**

Any employee requiring advice about a proposed dealing in KNeoMedia's shares should contact the Company Secretary.