

# Dealing in Company Shares

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# Policy for Directors and relevant employees dealing in the Company Shares

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## Introduction

The directors are, as are all members of the public, under a legal obligation not to use information they are aware of about Pental that is not generally known and that is price sensitive. In particular, they are not allowed to buy or sell shares when in possession of inside information.

Insider trading is a criminal offence. It may also result in civil liability. In broad terms, a person will be guilty of insider trading if:

- that person possesses information which is not generally available to the market and, if it were generally available to the market, would be likely to have a material effect on the price or value of a company's securities (i.e. information that is 'price sensitive'); and
- that person:
  - buys or sells securities in the company;
  - procures someone else to buy or sell securities in the company; or
  - passes on that information to a third party where that person knows, or ought reasonably to know, that the third party would be likely to buy or sell the securities or procure someone else to buy or sell the securities of the company.

To illustrate the prohibition described above, the following are possible examples of price sensitive information which, if made available to the market, may be likely to affect materially the price of the Company's securities:

- the Company considering a major acquisition or disposal of assets;
- the threat of major litigation against the Company;
- the Company's sales and profit results materially exceeding (or falling short of) the market's expectations;
- a material change in debt, liquidity or cash flow;
- a significant new development proposal i.e. new product or technology;
- the winning (or loss) of a major contract;
- management or business restructuring proposal;

- a share issue or reduction proposal, such as a buy back; and
- payment of a dividend.

Directors and senior executives are, and are seen to be, in close relationship to Pental in that they have access to information before it becomes generally available. This may lead to a perception of advantage over other shareholders and the general public in deciding when to buy or sell shares.

Furthermore, directors are seen by shareholders as protectors of shareholders' interests, and because of this special relationship the perception of a director selling or short term trading in Pental securities is negative and damaging to Pental.

Because of this, Pental has implemented this policy which:

- allows trading only within specific time periods when it will be assumed directors and senior employees are not in possession of price sensitive information, and prevents trading at any time when directors are actually in possession of such information;
- prevents short term or speculative trading by those persons;
- requires the Chairman and Chief Executive Officer to be informed before trading of any sort occurs; and
- discloses this policy to shareholders in Pental's annual report

## Definitions

1. In this Policy the following definitions apply unless the context otherwise requires:

- a) **“director”** means any director or relevant employee of Pental or a subsidiary undertaking or parent undertaking of Pental;
- b) **‘dealing’** includes any sale or purchase of, or agreement to sell or purchase, any securities and the grant, acceptance, acquisition, disposal of any option (whether for the call, or put, or both) or other right or obligations, present or future, conditional or unconditional, to acquire or dispose of securities, or any interest in securities, and ‘deal’ shall be construed accordingly;
- c) **‘generally available’** in respect of ‘unpublished price sensitive information’, means information which:
  - consists of readily observable matter; or
  - has been released to the public in a manner likely to attract the attention of investors, and after the information is published, a reasonable period of time has elapsed to allow dissemination of the information;
- d) **‘closed period’** means any period to which paragraph 2 of this Policy applies;

- e) **‘relevant employee’** means the following persons:
  - i) the Chief Executive Officer;
  - ii) the Chief Financial Officer;
  - iii) the Company Secretary; **and**
  - iv) any other employees or contractors nominated from time to time by the Chief Executive Officer.
- f) **‘securities’** means any listed or unlisted securities of the Pental Group;
- g) **‘unpublished price-sensitive information’** means information which:
  - (i) has not been made generally available, and
  - (ii) if it were generally available would be likely to have an effect on the price or value of any securities (that is, the information would, or would be likely to, influence persons who commonly invest in securities in deciding whether or not to subscribe for, buy or sell those securities), and without prejudice to the generality of the above, it should be considered whether any unpublished information regarding transactions required to be notified to the Australian Stock Exchange Limited in accordance with the ASX Listing Rules is price-sensitive.

## **Dealings by directors and relevant employees**

### ***Dealing in closed periods***

2. A director or relevant employee must not deal in any securities during a closed period. A closed period is:
  - a) the period commencing from the full year balance date, normally 30 June of each year, and ending on release of the announcement of the company’s annual results; and
  - b) the period commencing from the half year balance date, normally 31 December of each year, and ending on release of the Company’s half-yearly report.
3. A director or relevant employee must not deal in any securities at any time when he/she is in possession of information which he/she knows or ought reasonably to know is unpublished price-sensitive information in relation to those securities, or otherwise where clearance to deal is not given under paragraph 6 of this Policy.

### ***Communication of unpublished price-sensitive information***

4. A director or relevant employee must also not, directly or indirectly, communicate

unpublished price-sensitive information in relation to securities, if the director knows, or ought reasonably to know that the other person would (or would procure a third person to) subscribe for, sell, purchase, agree to subscribe for, sell or purchase any of those securities.

#### ***Short term or speculative trading***

5. A director or relevant employee must not deal in any securities on a consideration of a short term nature, or for speculative gain.

#### ***Dealing in exceptional circumstances***

6. In exceptional circumstances where it is the only reasonable course of action available to a director or relevant employee, clearance may be given for the director or relevant employee to sell (but not to purchase) securities when he/she would otherwise be prohibited from doing so. Clearance may only be given by the Chairman, or, in his absence, by a director designated by the Chairman. An example of the type of circumstance which may be considered exceptional for these purposes would be a pressing financial commitment on the part of the director or relevant employee that cannot otherwise be satisfied. The determination of whether circumstances are exceptional for this purpose must be made by the person responsible for the clearance.

#### ***Director or relevant employee acting as trustee***

7. Where a director or relevant employee is a sole trustee, or a co-trustee of a trust of which he/she is a beneficiary, the provisions for this Policy will apply, as if he/she were dealing on his/her account, unless he/she is acting as a bare trustee when they will not. Where a director or relevant employee is a co-trustee he/she must advise his co-trustees that he/she is a director or relevant employee of Pental.
8. Where the director or relevant employee is a co-trustee, a dealing in Pental's securities undertaken by that trust will not be regarded as a dealing by the director or relevant employee for the purposes of this Policy, where the decision to deal is taken by the other trustees acting independently of the director or relevant employee or by investment managers on behalf of the trustees. His/her other trustees or the investment managers will be assumed to have acted independently of the director or relevant employee this purpose where they:
  - a) have taken the decision to deal without consultation with, or other involvement of, the director or relevant employee concerned; or
  - b) if they have delegated the decision making to a committee of which the director or relevant employee is not a member.

### *Dealings by associated persons and investment managers*

9. A director or relevant employee must (so far as is consistent with his duties of confidentiality to his company) seek to prohibit (by taking the steps set out in paragraph 12 of this Policy) any dealing in securities during a close period or at a time when the director or relevant employee is in possession of unpublished price sensitive information in relation to those securities and would be prohibited from dealing under paragraph 2 of this Policy:
- a) by or on behalf of any person associated with him/her (including the director's family, nominee companies, companies and family trusts); or
  - b) by an investment manager on his/her behalf or on behalf of any person connected with him/her where either he/she or any person connected with him/her has funds under management with that investment manager, whether or not discretionary (save as provided in paragraphs 10 and 16 of this Policy).
10. For the purposes of paragraph 9 of this Policy, a director or relevant employee must advise all such associated persons and investment managers:
- a) of the name of the listed company of which he/she is a director or relevant employee;
  - b) of the closed periods during which they should not deal in the company's securities;
  - c) of any other periods when the director knows he/she is not free to deal in securities of the company under the provisions of this Policy unless his/her duty of confidentiality to the company prohibits him/her from disclosing such periods, and
  - d) that they should advise him/her immediately after they have dealt in securities of the company (save as provided in paragraphs 10 and 16 of this Policy).

### **Special Circumstances**

#### *Grant of options*

11. The grant of options by the board of directors under an employee share scheme to individuals who are not directors or relevant employees may be permitted during a prohibited period if such grant could not reasonably be made at another time and failure to make the grant would indicate that the company was in a prohibited dealing period.

#### *Exercise of options*

12. The Chairman or other designated director may allow the exercise of an option or right under an employee share scheme, or the conversion of a convertible security, where the final date for the exercise of such option or right, or conversion of such security, falls during any prohibited period and the director or relevant employee

could not reasonably have been expected to exercise it at an earlier time when he/she was free to deal.

13. An exercise or conversion permitted pursuant to paragraph 12 of this Policy does not by itself permit the sale of any securities the subject of the exercise or conversion. Such a sale can only occur if allowed under other paragraphs of this policy.

***Personal equity plans and authorised unit trusts***

14. A director or relevant employee may enter into a discretionary personal equity plan or deal in units of an authorised unit trust without regard to the provisions of this Policy. In the case of a personal equity plan investing only in securities, the provisions of paragraph 17 of this Policy apply.
15. A director or relevant employee may enter into a personal equity plan which involves regular payments by standing order or direct debit of sums which are to be invested only in securities if the following provisions are complied with:
  - a) He/she does not enter into the plan or carry out the first purchase of the securities within the plan during a prohibited period;
  - b) He/she does not cancel or vary the terms of his participation, or carry out sales of the securities within the plan during a prohibited period; and
  - c) before entering into the plan or cancelling the plan or varying the terms of his participation or carrying out sales of the securities within the plan, he/she obtains clearance under paragraph 7 of this Policy.

***Savings Schemes etc.***

16. A director or relevant employee may enter into a scheme under which securities:
  - a) are purchased pursuant to a regular standing order or direct debit arrangement; or
  - b) are acquired by way of standing election to reinvest dividends or other distributions received;
  - c) if the provisions set out in paragraph 17 of this Policy in relation to personal equity plans investing only in the securities are complied with.

***Guidance on other dealings***

17. For the avoidance of doubt, the following constitute dealings for the purposes of this Policy and are consequently subject to the provisions of this Policy:
  - a) dealings between directors and/or relevant employees of the company;
  - b) off-market dealings; and

- c) transfers for no consideration by a director other than transfers where the director retains a beneficial interest in the securities.

**18.** For the avoidance of doubt, and notwithstanding the definition of dealing contained in paragraph 1(b) of this Policy, the following dealings are not subject to the provisions of this Policy:

- a) undertakings or elections to take up entitlements under a rights issue or other offer (including an offer of shares in lieu of a cash dividend);
- b) the take up of entitlements under rights issue or other offer (including an offer or shares in lieu of a cash dividend);
- c) allowing entitlements to lapse under a rights issue or other offer (including an offer of shares in lieu of a cash dividend);
- d) the sale of sufficient entitlements nil-paid to allow take up of the balance of the entitlements under a rights issue;
- e) undertakings to accept, or the acceptance of, a takeover offer;
- f) transfers of shares arising out of the operation of an employees' share scheme into a personal equity plan investing only in securities within ninety days of:
  - (i) the date of exercise of an option under a savings related share option scheme; or
  - (ii) the date of release of shares from a profit sharing scheme;
- g) arrangements which involve a sale of securities with the intention of making a matched purchase of such securities on the next business day;
- h) transfers of shares already held into a personal equity plan by means of a matched sale and purchase; and
- i) the cancellation or surrender of an option under an employees' share scheme.

### ***Advising of dealing***

**19.** A director or relevant employee will, prior to any dealing by him/her or any associate of his that he is aware of, advise the Chairman and Chief Executive Officer of the proposed dealing.

As soon as possible following any dealing, a director or relevant employee will advise the company secretary to enable appropriate notification to ASX to occur.



