



mcm entertainment group Limited  
ACN 006 173 271  
re-adopted by the Board on 18 February 2009

**guidelines**

## guidelines for dealing in securities

---

## 1 introduction

---

The purpose of these Guidelines is to:

- (a) explain the type of conduct in relation to dealings in securities that is prohibited under the *Corporations Act 2001* (Cth) (**Corporations Act**), which apply to all directors and employees of mcm entertainment group Limited (**Company**) and its related bodies corporate as defined in the Corporations Act (collectively the **Group**); and
- (b) establish a best practice procedure relating to buying and selling securities that provides protection to the Company and directors and employees against the misuse of unpublished information which could materially affect the value of securities.

The Company aims to achieve the highest possible standards of corporate conduct and governance. Accordingly, the Board of directors considers that compliance with the policy contained in these Guidelines is essential to ensure that the highest standards of conduct are being met by all directors and employees. The Company also wishes to ensure that any perception of directors, Relevant Persons or senior management dealing in securities when they should not do so, is avoided.

Any non-compliance with these Guidelines will be regarded as serious misconduct which may entitle the Company to take corrective disciplinary action.

For the purposes of these Guidelines, **Listing Rules** means the Listing Rules of the Australian Stock Exchange (**ASX**).

## 2 policies for dealing in securities

---

### 2.1 persons to whom these guidelines apply

These Guidelines apply to:

- (a) all directors of the Group;
- (b) all employees of the Group; and
- (c) their associates (as defined in the Corporations Act).

In these Guidelines, the persons listed above will be collectively referred to as **Relevant Persons**.

### 2.2 the policy

- (a) Non Trading Period
  - (1) Subject to paragraphs 2.2(b) and 2.2(c), Relevant Persons are permitted to buy or sell the Company's securities throughout the year **except** during the period up to 30 days preceding the following:

- the announcement of half-yearly financial results;
- the announcement of annual financial results; or
- the holding of a shareholders meeting,

and ending two days after the end of the day of the announcement of the company's financial results or the holding of the shareholders meeting to allow the market to absorb the contents of the announcement (**Non Trading Period**).

- (2) The Company will notify Relevant Persons of the commencement and closure of a Non Trading Period.

(b) Discretion to trade within Non Trading Period

Relevant Persons may receive clearance to deal in the Company's securities on a prescribed financial market during a Non Trading Period as follows:

- (1) a director of the Company (including the Chief Executive Officer (**CEO**)) must inform and receive approval from the Chairman before undertaking a transaction during a Non Trading Period;
- (2) the Chairman must obtain approval from the Board before undertaking a transaction during a Non Trading Period;
- (3) executives and senior management must inform and receive approval from the Company Secretary before undertaking a transaction during a Non Trading Period; and
- (4) all other Employees must inform and receive approval from the Company Secretary before undertaking a transaction during a Non Trading Period.

(c) Trading in Company's securities

Outside of a Non Trading Period, Relevant Persons are permitted to buy or sell the Company's securities on a prescribed financial market **except** where an Employee is in possession of unpublished price sensitive information or where the Company is in possession of price sensitive information and the Company has notified Relevant Persons that they may not buy or sell securities during a specified period.

If you are not sure whether you can buy or sell the Company's securities during this time, please consult with the relevant person listed in paragraph 2.2(b) above.

Directors wishing to trade in the Company's securities must first notify the Company Secretary of their intention to buy or sell the Company's securities.

A register of holdings of all Relevant Persons is to be maintained by the Company Secretary.

(d) Short term dealing within a 3 month period

Relevant Persons may not deal in the Company's securities on a "short-swing" basis, except in circumstances of special hardship with the approval of the relevant person listed in paragraph 2.2(b) above. That is, Relevant Persons may not buy and sell the same securities within a 3 month period. In addition, Relevant Persons may not enter into any other short term dealings (for example, forward contracts) except with the approval of the relevant person listed in paragraph 2.2(b) above.

(e) Employee, executive and director share or option ownership plans

While Relevant Persons remain employed by the Company, any dealings in securities (following cessation of restrictions over the securities) issued or acquired pursuant to any Employee or Executive share or option ownership plan established by the Company must only occur in accordance with this policy. Any issue of new securities under an Executive share or option ownership plan must be subject to a 12 month

minimum escrow period from date of issue. Where the company has adopted an Executive Share Ownership Plan where the terms of the escrow period differ from the 12-month escrow terms as stated above, the escrow terms as stated in the Executive Share Ownership Plan will prevail.

## 3 dealing in securities

---

### 3.1 summary of prohibited conduct

The Corporations Act prohibits ‘insider trading’.

Under the Corporations Act, a person is prohibited from dealing in **securities** where:

- (a) the person possesses information which is not generally available to the public;
- (b) that information may have a material effect on the price of securities of the relevant entity; and
- (c) 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 price of securities.

In addition, a person with inside information must not procure another person to deal in the Company’s securities or communicate the information (directly or indirectly) to another person who the person believes may deal (or procure someone else to deal) in the Company’s securities.

The key concepts are discussed in more detail in paragraph 3.2.

### 3.2 relevant terms

#### (a) securities

The definition of securities in the Corporations Act is very broad.

Securities include:

- ordinary shares;
- preference shares;
- options;
- debentures; and
- convertible notes.

It also extends to things relating to securities issued by the Company (for example, warrants and other derivative products).

#### (b) dealing in securities

Dealing in securities is a broad concept and covers more than simply buying or selling securities. It extends to exercising options over securities and entering agreements to buy or sell securities.

That is, under these Guidelines and the law, the prohibition on dealing means that Relevant Persons are not permitted to:

- buy or sell; or
- enter into an agreement to subscribe for, buy or sell securities,

where they possess information that is not generally available and which a reasonable person would expect to have a material effect on the price or value of those securities.

If a Relevant Person possesses price sensitive information that is not generally available, the Relevant Person is also prohibited from:

- procuring any other person to deal in those securities; or
- directly or indirectly communicating the information to another person who the Relevant Person believes is likely to deal in, or procure another person to deal in, those securities.

**'Procuring'** means enticing, encouraging, persuading, causing or securing another person to do or not to do something. Procuring also includes inciting, inducing or encouraging an act or omission.

For example, a Relevant Person cannot ask or encourage anyone, including family members, friends, associates or others, to deal in securities when the Relevant Person possesses price sensitive information, and Relevant Persons should not communicate price sensitive information.

If a Relevant Person accidentally gives somebody 'inside information' when he or she should not have, the Relevant Person must immediately tell that person that it is 'inside information' and warn them against trading in the Company's securities, getting others to trade in the Company's securities, or communicating the information to others.

Directors and senior management (ie the CEO, his or her direct reports, the General Counsel and the Company Secretary) will customarily be privy to price sensitive information that is not generally available. Accordingly, directors and senior management should ensure that they do not deal in the Company's securities when they or the Company possess 'inside information'.

In general, other employees will be free to deal in the Company's securities during the 'window period', unless otherwise notified by the Company.

(c) price sensitive or 'inside' Information

Information is 'inside' or 'price sensitive' if it is not generally available, but which, if it were generally available, a reasonable person would expect to have a material effect (upwards or downwards) on the price or value of a security.

(d) information that is generally available

Information is 'generally available' if it:

- (1) consists of readily observable matter;
- (2) has been made known in a manner that would, or would be likely to, bring it to the attention of persons who commonly invest in any of the classes of securities issued by the Company and since it was made known, a reasonable period for it to be disseminated among those persons has elapsed. That is, information will be 'generally available' if it has been released to ASX or published in an annual report, or prospectus or similar document and a reasonable period of time has elapsed after the information has been disseminated in one of these ways; or
- (3) consists of deductions, conclusions or inferences made or drawn from information referred to in paragraph 3.2(d)(1) or information made known as mentioned in paragraph 3.2(d)(2), or both.

(e) material effect on the price of securities

Under the Corporations Act, information is likely to have a material effect on the price or value of securities of a company if 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.

It is not possible to list all of the information that may be material. However, the following types of information would be likely to be considered to have a material effect on the price of the Company's securities:

- information regarding a material increase or decrease in the Group's financial performance from previous results or forecasts, such as changes to profit results and distributions;
- a proposed material business or asset acquisition or sale, mergers or takeovers;
- the damage or destruction of a material operation of the Group;
- proposed material legal proceedings to be initiated by or against the Group;
- regulatory action or investigations undertaken by a government authority;
- the launch of a material new business; or
- a proposal to undertake a new issue of securities or major change in financing.

(f) information

For the purposes of the insider trading provisions of the Corporations Act, information is defined broadly and includes matters of supposition and other matters which are insufficiently definite to warrant being made known to the public. It also includes matters relating to the intentions of a person.

### 3.3 relationship to the continuous disclosure regime

Under the Corporations Act and the Listing Rules, the Company must immediately release to ASX any information concerning the Group which may reasonably be expected to have a material effect on the price or value of the Company's securities, although there are limited exceptions.

As a result of the operation of the continuous disclosure regime, usually all material price sensitive information will be generally available. However, there are limited circumstances in which disclosure is not required.

Specifically, the Listing Rules do not require disclosure where:

- (1) a reasonable person would not expect the information to be disclosed; **and**
- (2) the information is confidential and ASX has not formed the view that the information has ceased to be confidential; **and**
- (3) one or more of the following applies:
  - it would be a breach of law to disclose the information;
  - the information concerns an incomplete proposal or negotiation;
  - the information comprises matters of supposition or is insufficiently definite to warrant disclosure (eg the effect of an event on the Group has not yet been quantified);
  - the information is generated for internal management purposes of the entity (eg internal management accounts or an internal management report); or
  - the information is a trade secret.

Even if information does not need to be disclosed under the Listing Rules, it may be 'inside information' to which the prohibition on insider trading applies. If a person deals in the Company's securities at a time when that person is aware of information which, but for a carve-out to the Listing Rules, would need to be disclosed to the market, that person will be in breach of the insider trading provisions.

## 4 securities in other companies

---

While in general employees are free to deal in securities in other listed companies, the prohibited conduct under the Corporations Act includes dealings not only in the Company's securities but also those of other listed companies with which the Company may be dealing (including the Group's customers, contractors or business partners) where an employee possesses 'inside information' in relation to that other company.

That is, if a Relevant Person is aware of information that is not generally available but which, if it were generally available, a reasonable person would expect to have a material effect on the price or value of a security, the Relevant Person should not deal in the securities of the companies that it affects.

Relevant Persons may come into possession of 'inside information' where they are directly involved in client relationship management or negotiating contracts. For example, where the Relevant Person is aware that the Group is about to sign a major agreement with another company, the Relevant Person should not buy securities in either the Company or the other company.

## 5 register of dealings

---

The Company Secretary will maintain a copy of:

- (a) all requests for approval to deal in the Company's securities submitted Relevant Persons;
- (b) all decisions relating to requests and accompanying reasons for the decision; and
- (c) details of all dealings in the Company's securities made by Relevant Persons.

## 6 notification by directors

---

Directors of the Company must notify the Company if there is a change in their security interests to enable the Company to comply with timeframes applying under the Listing Rules in notifying changes in directors' security interests for the purposes of section 205G of the Corporations Act and Listing Rule 3.19A. Directors must provide a copy of the sharebroker contract note as proof of the change in their security interests.

The details of each dealing in the Company's securities made by a director, executive or senior manager will be tabled at the Board meeting next following the dealing.

Directors of the Company must notify the Company if their holding of security interests are related to a margin lending facility.

## 7 directors of the company must notify the company if their holding of security interests are related to a margin lending facility penalties

---

A person who commits a breach of the insider trading provisions could be subject to criminal liability (substantial fines or imprisonment or both may be imposed) or civil liability (substantial pecuniary penalties can be imposed) under Australian law. In

addition, a person who contravenes or is involved in a contravention of these provisions may be liable to compensate any person who suffers loss or damage because of the conduct.

In the case of a body corporate, committing an offence under the insider trading provisions is also punishable by substantial fines under civil and criminal laws.

In addition, disciplinary action may be taken against Relevant Persons for a breach of these Guidelines.

## 8 defences

---

The Corporations Act sets out several defences to conduct which would otherwise breach the insider trading prohibition.

These defences are complex and, in general, will not apply to Relevant Persons. On this basis, Relevant Persons should not deal in the Company's securities until they have received the required approval from the relevant individual specified in paragraph **Error! Reference source not found.**

Breaches of the insider trading laws have serious consequences for both the Relevant Person concerned and the Company. It may also give rise to adverse public scrutiny and media comment. It is therefore important that Relevant Persons adhere to these Guidelines at all times.

## 9 who to contact

---

Any employee in any doubt should contact the Company Secretary.