



AUSTAR United Communications Limited

ABN 088 087 695 707

Continuous Disclosure and Securities Trading Policy

1 AUC's obligations to disclose information

- 1.1 Astar United Communications Limited (AUC) listed on the Australian Stock Exchange (ASX) on 20 July 1999.
- 1.2 Listed companies (and certain unlisted companies) are subject to the general principle that information which may affect the price or value of its securities or influence decisions taken by investors buy or sell its securities must be disclosed publicly in a timely manner.
- 1.3 The ASX Listing Rules and the Corporations Act 2001 (Cth) prescribe a regime under which a listed company must immediately notify the ASX of price sensitive information which is:

“any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities”.

2 Purpose of this policy

- 2.1 The key issue that is addressed by this policy is that there is an obligation on AUC to disclose certain information. If failure to disclose information that should have been disclosed is an intentional or reckless omission then the contravention is a criminal offence, potentially by the individuals involved as well as AUC.
- 2.2 This Disclosure Policy is intended to:
 - assist AUC to fulfil its reporting obligations for continuous disclosure (ASX Listing Rule 3.1);
 - enable AUC to provide investors with information in the manner expected of listed companies to enable investors to make an informed assessment of the value to the company's shares;
 - enable AUC to balance, in a disciplined way and consistently with its legal obligations, the information needs of investors, with the company's needs to achieve business goals and protect confidential or commercially sensitive information;
 - define the parameters of both formal and informal disclosure such that AUC manages investor expectations and minimises the potential for positive or negative surprises.
- 2.3 Additionally the policy aims to enhance AUC's credibility amongst investors by applying a disciplined approach to disclosure such that it maintains consistent disclosure levels “in good times and bad” and ensures information for investors is easy to understand and accurate at all times.
- 2.4 The purpose of this policy is to establish a procedure within the AUC Group which facilitates and enhances compliance with the continuous disclosure requirement.

3 Issues in relation to deciding on disclosure

- 3.1 The continuous disclosure regime involves a high degree of judgment on the part of AUC to determine what has to be disclosed to the market and when disclosure must be made. While there are exceptions under the continuous disclosure regime which recognise that AUC is not required to disclose to the market certain price sensitive information, judgment will often be required to determine whether those exceptions apply in particular circumstances.
- 3.2 In general, it is proposed that a conservative approach be taken and that AUC be consistent in terms of the nature of its disclosures. To enable this to be achieved in a manner consistent with AUC legitimate commercial interests, it is important that all decisions on the nature and timing of disclosure to the market are made in a controlled fashion in accordance with this policy or as the Board may otherwise determine.
- 3.3 The procedures outlined in this policy must be followed to so that the Chairman, Chief Executive, members of the Board (as appropriate) and the Company Secretary and Corporate Counsel can be provided with sufficient information in a timely fashion to enable them to make the decisions as to whether disclosure is required and, if so, the nature and timing of that disclosure.

4 Procedures to be followed:

- 4.1 All individuals reporting directly to the Chief Executive and individuals reporting directly to them are to be made aware in writing of the detail of this policy and the importance of compliance.
- 4.2 All individuals referred to in 4.1 are to make their immediate subordinates aware of the requirements of this policy and the need for them to ensure management is aware of any information which may need to be disclosed to the market through the ASX. Examples of matters that may require disclosure are:
- winning/losing major contracts;
 - sale or purchase of a major asset;
 - major industrial disputes or other personnel disruptions;
 - AUC profit forecast changes, such that it is materially different from that previously stated to the market
 - significant changes in business outlook;
 - major product launches/disruptions to product;
 - substantial litigation commenced or threatened;
 - an event or matter which might give rise to a substantial insurance claim;
 - significant breaches of licence conditions;
 - significant breaches of legislation, particularly trade practices, occupational health and safety, environmental.

In some circumstances the ASX Listing Rules may also require AUC to clarify misapprehensions in the market place. However whether such disclosure is required will be a matter of judgment in the particular circumstances.

- 4.3 The Company Secretary is to be informed immediately any price sensitive information becomes available.
- 4.4 The Company Secretary will immediately provide the information to the Chief Executive (or if he is not available, the Chairman). The Chief Executive will make a disclosure recommendation to the Chairman who will decide whether the information provided requires disclosure. If he considers it appropriate the Chairman may consult with other available directors in making his decision. If disclosure is required the Company Secretary will make the necessary disclosure to the ASX consulting as required with the Corporate Affairs Manager to coordinate any media activity.
- 4.5 The Company Secretary must keep a record of all information disclosed to the ASX.
- 4.6 Material information will be disclosed in the manner required under the Corporations Act 2001 (Cth) and ASX Listing Rules and by broad dissemination so that as many investors as possible will have access to the information. This means AUC will make a formal announcement to the Australian Stock Exchange and then release the information to news services and major media outlets immediately after the ASX has acknowledged receipt.
- 4.7 All material press releases to be issued by the AUC Group must be released to the ASX by the Corporate Affairs Manager and/or Company Secretary prior to release to the press, following approval by the Chief Executive or the Chairman.

5 Non Disclosure of Potentially Material Information

- 5.1 Exceptions to AUC disclosure obligations apply to confidential information which, although price sensitive, a reasonable person would not expect AUC to disclose and which:
 - if disclosed, would result in a breach of a law;
 - relates to an incomplete proposal or negotiation;
 - comprises matters of supposition or is insufficiently definite to warrant disclosure;
 - is generated by AUC for internal management purposes; or
 - is a trade secret.
- 5.2 Whether these requirements are satisfied in a particular case is a matter of judgment. To enable AUC to comply with its obligations and maintain a consistent practice in its market disclosure, the Company Secretary and Corporate Counsel must be informed even where an individual may believe that the information falls into one of these categories. In those circumstances, the Company Secretary and Corporate Counsel should also be provided with all

information which may be required to enable a decision to be made as to whether disclosure is required or appropriate.

- 5.3 If price sensitive information is divulged inadvertently (eg during an analyst meeting) that information must generally be formally disclosed to the ASX immediately after the meeting unless special circumstances apply. If this occurs, the Company Secretary and Corporate Counsel must be informed immediately so that appropriate steps can be taken to determine the appropriate course of action.
- 5.4 The exceptions to the disclosure requirements will only apply where the price sensitive information is confidential (even if other elements would be satisfied). The accepted view is that this implies control by AUC of the use of the information.
- 5.5 Unusual trading activity in AUC shares may suggest that information is no longer confidential or that those who possess it are insider trading. This latter situation may be in breach of the law, but not necessarily in breach of confidentiality obligations owed to AUC. It is also proposed that all confidentiality agreements used by AUC restrict the use, as well as the disclosure, of confidential information.
- 5.6 As a listed company, AUN employees must ensure that only public information is provided when answering questions asked by third parties, including analysts. Draft analyst reports should only be commented on or corrected if doing so involves publicly available information.

6 Insider Trading

- 6.1 Insider trading is the trading of securities by a person who is in possession of information that is not generally available to the market and is information which they know or ought reasonably to know is not generally available and that if it were generally available it might have a material effect on the price or value of those securities. Insider trading can result in both civil and criminal liability for the person or persons involved.
- 6.2 AUC has sought generally to minimise potential for insider trading by company officers by restricting the period during which the directors and executive officers can trade shares or convert options. Such persons cannot trade AUC shares during four periods each year, being the period between the close of each financial quarter and the release of quarterly, half yearly interim and full year profit results by AUC. Trade is allowed at other times provided that no other material and market sensitive development is pending.
- 6.3 In addition, any proposed trading in shares (including any proposed conversion of Executive Share Options) by any directors, executive officers or senior employees of the AUC Group must be discussed first with the Company Secretary.

7 Selective and Differential Disclosure

- 7.1 AUC will not practice selective or differential disclosure. That is, AUC will not disclose information to selected individuals or groups (e.g. analysts or journalists) or in selected situations (e.g. analyst briefings), information which it would not be prepared to make available for general use at the same time.
- 7.2 AUC will not disclose information verbally which it would not be prepared to disclose by formal release to the ASX.

8 Review of Draft Analyst Reports and Earnings Estimates

- 8.1 Any requests for AUC to review an analysts' financial model or draft research report should be directed to AUC's Chief Financial Officer. The Chief Financial Officer may approve or reject that request in accordance with this policy. While they may, if they consider appropriate, delegate a person to review the model or report, all communications with the analyst must be conducted through the Chief Financial Officer except to the extent expressly authorised.
- 8.2 When reviewing analysts' financial models or draft research report, AUC will review for factual content but will not, in doing this disclose to the analyst any information which has not previously been disclosed to the market.
- 8.3 When reviewing an analyst's conclusions, either general or financial, the company may question assumptions that lead the analyst to draw conclusions but not the conclusions themselves.
- 8.4 AUC will make it clear to analysts that AUC comments on factual information or assumptions in their reports, and equally the company's decision to withhold comments, do not constitute an explicit, implicit or tacit endorsement by the company of the report in total or its conclusions.
- 8.5 AUC must not comment on the current range of market estimates for the current year profit performance except with the prior approval of the Chairman, the Chief Executive, the Chief Financial Officer or as otherwise authorised by the Board.
- 8.6 AUC will from time to time distribute analyst reports inside AUC but no employee can distribute analyst reports to external parties without securing the permission of the Company Secretary. If appropriate, the Company Secretary may seek approval from the author's firm and advice on the form of clarification to be provided to the recipient that any provision of a report does not imply company endorsement of the report.

9 Equity and Access

- 9.1 AUC will respond to legitimate requests for information in the same manner, irrespective of whether the request comes from a small investor, a large investor, an analyst or the media. All requests for information from any investor or analyst should be directed to the Company Secretary. Any request from a journalist should be directed to the Corporate Affairs Manager.

10 One-on-One Meetings

- 10.1 Only people authorised by the Board, the Chairman or the Chief Executive may hold one-on-one meetings with journalists or analysts.
- 10.2 In any one-on-one meetings (whether with journalists, analysts or otherwise), AUC will only discuss information that is in the public domain or information which may not be in the public domain but which is not price sensitive i.e. where subsequent formal disclosure is not required.
- 10.3 One-on-one meetings can be held between the end of an accounting period and the formal announcement of the results provided there is no discussion of the results of the relevant accounting period.

11 Responding to Market Rumours

- 11.1 Any request to clarify or comment on a market rumour must be referred to the Company Secretary.
- 11.2 As a general policy, if AUC is not the source of a market rumour, AUC will not comment on market rumours or speculation unless specifically required to comply with its obligations under the ASX Listing Rules.
- 11.3 If AUC is the source of a market rumour, the company will clarify the company's position formally via the ASX if required under the ASX listing Rules.

12 Duty to Correct/Update Information

- 12.1 If AUC discovers that a statement it has made is materially incorrect, or subsequent information renders it incorrect, the company will issue an announcement via the ASX to correct the statement.
- 12.2 AUC will maintain the accuracy of non-material information that is generally made available to the market. This includes forward-looking statements. Accuracy will be maintained on a regular cycle consistent with the regularity with which the information is distributed e.g. annually, half yearly, quarterly.

13 Enabling Comparisons

- 13.1 If there are any changes in accounting policies, segmental reporting disclosures or the manner in which statistics or performance indicators are compiled or published, the new manner of disclosure will be presented so that investors can readily draw valid comparisons with historical information previously provided in a different format. These changes will be disclosed in AUC accounts and/or as may be appropriate in the circumstances.

14 Media

- 14.1 Any media enquiries should be referred to the Corporate Affairs Manager.

- 14.2 All guidelines in this policy related to communication with analysts also apply to communication with media.

15 Updating the Policy

- 15.1 This policy will be reviewed regularly and revised if circumstances warrant or more often as required by changes to Listing Rules or other legally binding disclosure requirements.

16 The Law

- 16.1 ASX Listing Rule 3.1 provides:

“Once an entity is or becomes aware of any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity’s securities, the entity must immediately tell ASX that information. This rule does not apply to particular information while each of the following applies.

3.1.1 A reasonable person would not expect the information to be disclosed.

3.1.2 The information is confidential.

3.1.3 One or more of the following conditions applies.

- (a) It would be a breach of a law to disclose the information.
- (b) The information concerns an incomplete proposal or negotiation.
- (c) The information comprises matters of supposition or is insufficiently definite to warrant disclosure.
- (d) The information is generated for the internal management purposes of the entity.
- (e) The information is a trade secret.”

- 16.2 Over and above the general obligation imposed by section **793(C)(3)** of the Corporations Act 2001 (Cth) which binds listed companies to comply with the ASX Listing Rules, section s674 of the Corporations Act 2001 (Cth) specifically covers continuous disclosure:

“674 (1) (Application)

This section applies to a listed disclosing entity if provisions of the listing rules of a securities exchange:

- (a) apply to the entity; and
- (b) require the entity to notify the securities exchange of information about specified events or matters as they arise for the purpose of the securities exchange making that information available to a stock market conducted by the securities exchange.

674 (2) (Contravention or failure to notify)

The disclosing entity must not contravene those provisions by intentionally, recklessly or negligently failing to notify the securities exchange of information:

- (a) that is not generally available; and
- (b) that a reasonable person would expect, if it were generally available, to have a material effect on the price or value of . . . securities of the entity.

674 (2A) (Offence)

A contravention of subsection (2) is only an offence if the failure concerned is intentional or reckless.”

The key issue following from these provisions is that if failure to disclose is an intentional or reckless omission then the contravention is a criminal offence, potentially by the individuals involved as well as the Company.

- 16.3 Under other statutory and general law requirements, AUC and individuals involved may also be liable for damages in certain circumstances if disclosure to the market is misleading or deceptive.