

KATHMANDU HOLDINGS LIMITED ARBN 139 836 918

CONTINUOUS DISCLOSURE POLICY

1 Purpose

The Company is committed to promoting investor confidence by taking steps to ensure that trades in its shares takes place in an efficient, competitive and informed market.

The purpose of the Continuous Disclosure Policy is to seek to:

- (a) ensure that the Company, as a minimum, complies with its continuous disclosure obligations under the Securities Markets Act, the New Zealand Stock Exchange (NZX) Listing Rules, the Corporations Act and the Australian Securities Exchange (ASX) Listing Rules and as much as possible seeks to achieve and exceed best practice;
- (b) provide shareholders and the market with timely, direct and equal access to information issued by the Company; and
- (c) promote investor confidence in the integrity of the Company and its securities.

2 Legal requirements and best practice

2.1 Legal requirements

The Company is a public company listed on the NZX and ASX. It is subject to continuous disclosure requirements under the Securities Markets Act, the Corporations Act and the NZX and ASX Listing Rules, in addition to periodic and specific disclosure requirements.

The Company will comply with the continuous disclosure requirements of the NZX, the ASX, the Securities Markets Act and the Corporations Act. These are summarised as follows.

2.2 The NZX Listing Rule requirement

The primary continuous disclosure obligation in the NZX Listing Rules is NZX Listing Rule 10.1.1(a) which provides that:

“10.1.1 Without limiting any other Rule, every Issuer shall:

- (a) once it becomes aware of any Material Information concerning it, immediately release that Material Information to NZX, provided that this Rule shall not apply when:
 - (i) a reasonable person would not expect the information to be disclosed; and

- (ii) the information is confidential and its confidentiality is maintained; and
- (iii) one or more of the following applies:
 - (A) the release of information would be a breach of law; or
 - (B) the information concerns an incomplete proposal or negotiation; or
 - (C) the information comprises matters of supposition or is insufficiently definite to warrant disclosure; or
 - (D) the information is generated for the internal management purposes of the Issuer; or
 - (E) the information is a trade secret.

In this Rule 10.1.1, an Issuer is aware of information if a Director or an executive officer of the Issuer (and in the case of a Managed Fund, a Director or executive officer of the Manager) has come into possession of the information in the course of the performance of his or her duties as a Director or executive officer.”

Exception

NZX Listing Rule 10.1.1(a) will not apply when:

- “... (i) a reasonable person would not expect the information to be disclosed; and
- (ii) the information is confidential and its confidentiality is maintained; and
 - (iii) one or more of the following applies:
 - (A) the release of information would be a breach of law; or
 - (B) the information concerns an incomplete proposal or negotiation; or
 - (C) the information comprises matters of supposition or is insufficiently definite to warrant disclosure; or
 - (D) the information is generated for the internal management purposes of the Issuer; or
 - (E) the information is a trade secret.

The Company must release the Material Information concerning it unless all three limbs apply.

For the purpose of NZX Listing Rule 10.1.1(a)(i) a “reasonable person” would not expect the information to be disclosed if the release of that information would:

- (a) unreasonably prejudice the Company; or
- (b) provide no benefit to a person who commonly invests in securities.

It is a requirement of the exception that the information is confidential (which in this context means secret).

Disclosure to NZX First

NZX Listing Rule 10.1.1(b) provides that the Company must not disclose any Material Information to the public, other stock exchanges or other parties except those parties to whom the exception applies.

- (a) prior to disclosing the Material Information to NZX; and
- (b) prior to an acknowledgement from NZX of receipt of that Material Information.

In any situation where the Company needs to make disclosure under the continuous disclosure rules, nothing can be said about the matter until the information to be disclosed has been first provided to NZX.

Media rumours

NZX Listing Rule 10.1.1(c) requires that the Company release Material Information to the extent necessary to prevent development or subsistence of a market for its shares which is materially influenced by false or misleading information emanating from either the Company, itself or another person in circumstances which would give the information substantial credibility.

Also, if the NZX considers that there is, or is likely to be, a false market in the Company's securities, and requests information from the Company to correct or prevent the false market, the Company must give NZX the information needed to correct or prevent the false market.

2.3 The Securities Markets Act

The Securities Markets Act gives NZX Listing Rule 10.1.1 legislative support and provides for statutory liability for breach of the NZX Listing Rules.

2.4 The ASX Listing Rule requirement

The primary continuous disclosure obligation in the ASX Listing Rules is contained in ASX Listing Rule 3.1, which states that:

"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."

Exception

ASX Listing Rule 3.1A contains the only exception to Listing Rule 3.1:

"Listing Rule 3.1 does not apply to particular information while all of the following are satisfied:

- 3.1A.1 A reasonable person would not expect the information to be disclosed.
- 3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential.
- 3.1A.3 One or more of the following 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 internal management purposes of the entity.
 - (e) The information is a trade secret."

ASX may request information to correct false market.

Listing Rule 3.1B provides that if the ASX considers that there is, or is likely to be, a false market in an entity's securities, and requests information from the entity to correct or prevent the false market, the entity must give ASX the information needed to correct or prevent the false market.

Disclosure to ASX first

Listing Rule 15.7 further requires that an entity must not release information that is for release to the market to anyone until it has given the information to the ASX, and has received an acknowledgement from ASX that the information has been released to the market.

2.5 Material price sensitive information

Section 677 of the Corporations Act states that, a reasonable person would be taken to expect information to have a "material effect on the price or value" of securities if the information "would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of" those securities.

2.6 Best practice guidelines

In addition to the legal requirements, there are guidelines published by various bodies which, though not (or not yet) mandatory, set out various views of best practice in the area of continuous disclosure.

The most important of these guidelines are:

- (a) NZX Guidance Note on Continuous Disclosure;
- (b) ASX Corporate Governance Council "Corporate Governance Principles and Recommendations" (2nd ed), in particular Recommendations 5.1 and 5.2;
- (c) ASX Guidance Note 8 "Continuous Disclosure";
- (d) Australasian Investor Relations Association "Best Practice Guidelines for Communication between Listed Entities and the Investment Community";
- (e) Australian Securities and Investments Commission (**ASIC**) Guidance Rules "Better disclosure for investors"; and
- (f) ASIC guidance and discussion paper "Heard it on the grapevine".

2.7 This Policy

This Policy contains all continuous disclosure requirements under the NZX and ASX Listing Rules and the Securities Markets Act, and the Corporations Act and incorporates best practice guidelines suggested by the sources listed above. It was adopted by the Board of the Company on 19 October 2009.

3 Disclosure principle

The Company will immediately notify the NZX and ASX simultaneously of any information concerning it that a reasonable person would expect to have a material effect on the price or value of the Company's securities, unless such is not required by the Listing Rules of NZX and ASX.

4 Material price sensitive information

Any information concerning the Company which would, or would be likely to, influence investors in deciding whether to acquire or sell the Company securities (**material price sensitive information**) must be disclosed to the NZX and ASX in accordance with this Policy.

The Company Secretary is responsible for determining what information is to be disclosed. Where there is doubt as to whether certain information should be disclosed, the Company Secretary will discuss the issue with senior executives, and if necessary, seek external advice.

The Company Secretary may develop further guidelines for each individual business unit in determining what is material price sensitive information for that business unit, for example, in the form of quantitative ranges.

The following provides a guide as to the type of information that is likely to require disclosure. This is not an exhaustive list. The determination of whether certain information is material price sensitive information which is subject to continuous disclosure necessarily involves the use of judgment. There will inevitably be situations where the issue is less than clear. If you come across information which potentially falls within the category of material price sensitive information, you should treat it as if it is material price sensitive information and leave the question for the Company Secretary to resolve.

Matters which generally require disclosure include:

- (a) a material change in the Company's financial forecasts or expectations;
- (b) a recommendation or declaration of a dividend or distribution, or a decision one will not be declared;
- (c) changes in the Board of Directors, senior executives or auditors. In the case of the appointment of a new chief executive office (Managing Director), disclosure of the key terms and conditions of the relevant contract entered into (e.g. components of pay package) will be necessary;
- (d) a change in the Company's accounting policy;
- (e) an agreement between the Company (or a related party or subsidiary) and a director (or a related party of the director).
- (f) events regarding the Company's shares, securities, financing or any default on any securities (e.g. under or over subscriptions to an issue of securities, share repurchase program);
- (g) information about the beneficial ownership of shares obtained by the Company;
- (h) giving or receiving a notice of intention to make a takeover offer;
- (i) a transaction for which the consideration payable or receivable is a significant proportion of the written down value of the Company's consolidated assets;
- (j) mergers, acquisitions/divestments, joint ventures or changes in assets;
- (k) significant developments in regard to new projects or ventures;
- (l) major new contracts, orders, or changes in suppliers or customers;
- (m) significant changes in products, product lines, supplies or inventory;
- (n) industry issues that may have a material impact on the Company;

- (o) significant changes in technology or the application of technology which could affect business;
- (p) legal proceedings against or allegation of any breach of the law, whether civil or criminal, by the Company;
- (q) decisions on significant issues affecting the Company by regulatory bodies (such as the New Zealand Commerce Commission or Australian Competition and Consumer Commission and the Takeovers Panel, or other bodies relevant to the Company);
- (r) natural disasters or accidents that have particular relevance to the businesses of the Company or its suppliers;
- (s) the appointment of a receiver, manager, liquidator or administrator in respect of any loan, trade credit, trade debt, borrowing or securities held by the Company or any of its subsidiaries; or
- (t) a copy of a document lodged with an overseas stock exchange or regulator containing market sensitive information not previously disclosed to the NZX or ASX.

5 Roles and responsibilities - at a glance

This Policy will be administered by several key personnel within the Company. However, employees at every level have a role to play to ensure that the Company achieves the objectives of this Policy.

The responsibilities under this Policy are divided as follows:

- (a) **Board of directors** - the Board adopted this Policy on 19 October 2009 and will be responsible for signing off on any subsequent amendments recommended by the Company Secretary. The Board may be involved in the review of significant NZX and/or ASX announcements;
- (b) **Company Secretary** - responsible for the overall administration of this Policy and all communications with the NZX and the ASX (see below);
- (c) **Authorised Spokespersons** - the only Company employees authorised to speak on behalf of the Company to external parties (see below);
- (d) **Disclosure Officers** - a Disclosure Officer has been appointed for each business unit, who will be responsible for reporting any material price sensitive information within their business unit to the Company Secretary;
- (e) **Other employees** - report any material price sensitive information to the Disclosure Officer of their business unit. Observe the Company's "no comments" policy.

6 Company Secretary

The Company Secretary is responsible for the overall administration of this Policy, and in particular, is responsible for:

- (a) seeking to ensure that the Company is compliant with its continuous disclosure obligations;
- (b) all communications with the NZX and the ASX;
- (c) reviewing proposed external announcements, and consulting with appropriate members of the Board, senior executives and/or external advisers as necessary;
- (d) implementing reporting processes and determining divisional guidelines (financial or qualitative) for materiality of information;
- (e) reporting on continuous disclosure issues regularly to the Board of the Company;
- (f) keeping a record of all NZX and ASX and other announcements that the Company has made;
- (g) monitoring the effectiveness of the Policy, including the understanding by employees in general of the principles and spirit of continuous disclosure; and
- (h) regularly reviewing this Policy for legislative changes or development of best practice, and communicating any amendments to the Company employees.

7 Authorised spokespersons

The authorised spokespersons will be authorised by the Board from time to time. They are the only Company employees who may speak to the media or other external parties in relation to matters subject to this Policy.

Authorised spokespersons should be briefed by the Company Secretary about prior disclosures by the Company before speaking with external parties. When communicating with external parties, an authorised spokesperson:

- (a) should take steps to ensure all comments relate to information within the public domain and/or are not material, as the disclosure of confidential information, even if inadvertent, may result in such information becoming disclosable to the NZX and ASX immediately;
- (b) may clarify information that the Company has released to the NZX and ASX but must not comment on material price sensitive information that has not previously been released;
- (c) should limit any comments to his or her area of expertise as much as possible; and

- (d) should report to the Company Secretary after the external communication is made, to determine if any confidential information has been disclosed and whether as a consequence any disclosure to the NZX and/or ASX is necessary.

8 Company announcements - the procedures

The management of the Company's external announcements depends largely on an effective system of internal reporting and announcement preparation.

The following procedures will apply in relation to all external announcements:

- (a) **Identification and notification of material price sensitive information** - as soon as an employee becomes aware of material price sensitive information which has not been previously released by the Company, he or she should immediately notify:
 - (i) in the case of directors, senior management and Disclosure Officers - the Company Secretary; or
 - (ii) in the case of all other employees - the Disclosure Officer of their business unit, who will in turn notify the Company Secretary.

"Continuous disclosure issues" will be a permanent item on the agenda for every Board meeting, committee meetings and all other meetings from business unit level upwards.

- (b) **Review of material price sensitive information** - after receiving any material price sensitive information, the Company Secretary will review the information (in consultation with senior executives and/or external advisers if necessary), to determine whether the information is required to be disclosed;
- (c) **Prepare external announcement** - if the information is required to be disclosed, the Company Secretary will prepare a draft announcement. Such announcements should be factual, relevant, and expressed in an objective and clear manner. The use of emotive or intemperate language should be avoided;
- (d) **Obtain sign off** - The draft company announcement must be signed off by the Managing Director or the Finance Director consistent with any policies adopted by the Board;
- (e) **Lodge announcement** - the Company Secretary (only) to lodge the announcement with NZX and ASX electronically;
- (f) **Post announcement on the Company website** - **AFTER** receiving an acknowledgement from NZX and ASX that the announcement has been released to the market, post the announcement onto the Company's website within 24 hours of receiving the acknowledgement from NZX and ASX.

In light of the Company's obligation to disclose any material price sensitive information "as soon as it becomes aware" of the information, the above steps, where required, should be taken as a matter of urgency.

9 Joint announcements

In situations where the Company needs to issue a joint announcement with a joint venture or project partner, the Company will seek to give the partner the opportunity to review the announcement prior to its release, provided that it does not compromise the Company's ability to comply with its disclosure obligation.

10 Timing

The Company must not release material price sensitive information publicly until it has disclosed it to the NZX and the ASX and has received confirmation of its release by the NZX and the ASX.

If information is to be released by the Company's head office and simultaneously in another geographical location (for example, by a foreign joint venture partner), the Company Secretary will consult with the relevant parties to determine how the requirement of the NZX and the ASX Listing Rules will impact on the timing of the disclosure.

11 Disseminating announcements

After receiving NZX's and ASX's confirmation that an announcement has been released to the market, the Company will disseminate the information as soon as possible by posting the announcement on the Company's website (within 24 hours after receiving NZX's and ASX's confirmation), and broadcasting via email and/or fax to major stakeholders.

The Company's website will contain relevant information on the Company such as:

- (a) company profile;
- (b) NZX and ASX announcements;
- (c) Annual reports and other financial results;
- (d) speeches and other information provided to analysts and investor Companies;
- (e) AGM information; and
- (f) employee shareholder information.

The Company Secretary must review the relevant information prior to it being posted on the website. The website will be reviewed continuously with a view to ensuring that it is up-to-date, complete and accurate in respect of recent announcements.

12 Pre-result periods

To prevent inadvertent disclosure of material price sensitive information, during the periods between the end of its financial reporting periods (31 July and 31 January) and the actual results release, the Company will not discuss any financial information, broker estimates and forecasts, with institutional investors, individual investors, stockbroking analysts, or the media unless the information being discussed has previously been disclosed to the NZX and the ASX (as required under those exchanges respective Listing Rules).

13 Media and market speculation

The Company has a general "no comments" policy in relation to market speculation and rumours, which must be observed by employees at all times. However, the Company may issue an announcement in response to a market speculation or rumour where it is necessary to comply with the continuous disclosure obligations, for example, for the purpose of correcting factual errors or responding to a formal request from the NZX and/or the ASX for information.

The Company will not provide the media with exclusive interviews or information that potentially contains any material price sensitive information prior to disclosing that information to the NZX and the ASX. It will also not provide any information "off the record".

The Company will not disclose any information that is potentially material price sensitive information publicly under an embargo arrangement prior to release to the NZX and the ASX. The only exception to this policy may be the provision, in limited circumstances, of a copy of an announcement under strict lock-up arrangements for the purpose of facilitating dissemination of the information following release to the NZX and the ASX subject to the requirements of the NZX and ASX Listing Rules.

Employees who are approached by the media or any external parties for information should observe the "no comments" policy and notify the Company Secretary as soon as possible.

14 Briefings/meetings/conference calls with analysts or investors

As part of the Company's management of investor relations and to enhance stockbroking analysts' understanding of its background and technical information, it conducts briefings with analysts or investors from time to time, including:

- one-on-one discussions (for the purpose of this Policy, this includes any communications between the Company and an analyst/investor);
- Company briefings; and
- conference calls,

(collectively referred to as "briefings").

The Company's policy for conducting these briefings is not to disclose any information which is, or potentially is, material price sensitive information, that has not been announced to the NZX and the ASX and the market generally. No briefing should be held during pre-results periods.

In addition, the following protocols will be followed in relation to such briefings:

- (a) the Company will make an announcement prior to the briefing to inform the market;
- (b) any written material to be used at a briefing must be provided in advance to the Finance Director to determine whether it contains any information that has not previously been undisclosed;
- (c) if possible, 2 Company employees, including the Company Secretary/other authorised representative should be present at the briefing;
- (d) if only 1 Company employee could attend the briefing, the briefing should be taped;
- (e) if the Company Secretary/other authorised representative cannot attend the briefing, they should be fully briefed within 1 day after the briefing;
- (f) a file note should be made in relation to the briefing and be kept for a reasonable period after the briefing;
- (g) if a question raised during the briefing can only be answered by disclosing material price sensitive information which was not previously disclosed to the ASX, the Company employee must decline to answer the question, but take the question on notice;
- (h) Company employee(s) participating at a briefing should conduct a post-briefing review on the same day to identify whether any confidential information was disclosed. If an employee present at a briefing considers that any material price sensitive information that was not previously disclosed, was disclosed during the briefing, he or she must immediately notify the Company Secretary;
- (i) following the briefing, the Company will post all material used or made available for the briefing on the Company's website.

15 Broker sponsored investor conferences

The Company or its executives are from time to time invited to participate or present at broker sponsored investor conferences. The policy and protocols for the Company's briefings apply to such conferences.

16 Responding to analyst reports and forecasts

Stockbroking analysts frequently prepare reports on securities of listed entities, including the Company, which contain performance and financial forecasts. The Company acknowledges the importance of analyst reports in facilitating the operation of the market in an informed and efficient manner.

However, the Company is independent, and will do all things necessary to be seen as independent, to analysts. The Company will not endorse any such reports, and will restrict its comments to factual matters and information which has been previously disclosed to the NZX and the ASX and the market generally.

In particular, the Company:

- (a) will not generally comment on analyst forecasts or disclose its own earnings projections, however, it may comment on analyst reports by:
 - (i) acknowledging the report's range of estimates; and
 - (ii) correcting factual errors or assumptions where the relevant information has already been disclosed;
- (b) will not include any analyst reports in its own corporate information, or post any analyst reports (including hyperlinks) on its website, but may use the reports internally;
- (c) will include a disclaimer that the Company is not responsible for, and does not endorse, the analyst report, in any response made to an analyst; and
- (d) may consider issuing a profit warning/statement if it becomes apparent that in general the market's earnings projections on it materially differ from its own estimates.

If a draft report has been sent to the Company for comments, it should be forwarded immediately to the Company Secretary.

17 Chatrooms

Company employees or associated parties must not participate in chat room discussions on the internet where the subject matter relates to the Company.

18 Responding to unexpected questions

Company employees and executives are often faced with unexpected questions from external parties - for example, pre-arranged briefings sometimes move outside the scope of intended discussion, or Company executives may be asked for information in situations other than formal briefings.

When faced with an unexpected question, respond only with information which has previously been disclosed to the market. If answering the question requires the disclosure of information that has not been disclosed, or if in doubt as to whether or not certain information has already been disclosed, decline to answer the question. Take the question on notice so that the formal process of releasing information can operate.

19 Inadvertent disclosure of information

Disclosure of material price sensitive information to an external party prior to disclosure to the NZX or the ASX constitutes a breach of the relevant Listing Rules. To prevent a breach of the NZX and the ASX Listing Rules and to minimise the consequences should such a breach occur, the following procedures apply.

A review should be done following any communications with an external party. If a Company employee becomes aware that:

- (a) there may have been inadvertent disclosure of material price sensitive information (which has not been disclosed to the NZX and the ASX) during any communication with external parties; or
- (b) confidential Company information may have been leaked (whatever its source),

he or she should immediately notify the Company Secretary. In such a situation, the Company will need to immediately issue a formal NZX and ASX announcement.

Where the confidential information disclosed during external communications is not price sensitive, the Company will still work to ensure equal access to that information by posting it on its website.

20 Trading halts

In certain circumstances, the Company may need to request a trading halt from the NZX and the ASX to maintain the efficient trading of its securities. The Company Secretary will make all decisions in relation to trading halts and is the only personnel authorised to request a trading halt on behalf of the Company.

21 Advisers and Consultants

The Company will require consultants and professional advisers engaged by the Company or any of its subsidiaries to adhere to this Policy. The Company may ask such consultants and professional advisers to sign a confidentiality agreement.

22 Breach of Policy

The Company takes continuous disclosure very seriously. Non-compliance with continuous disclosure obligations may constitute a breach of the Securities Markets Act, the Corporations Act or the NZX or ASX Listing Rules. This may result in fines for the Company, personal liabilities for directors and other officers, and damage to the Company's reputation.

Breaches of this Policy may result in disciplinary action against the employee including dismissal in serious cases.

23 Further information

You should read this Policy carefully and familiarise yourself with the policy and procedures detailed.

The Company will review this Policy regularly as legislative requirements change and best practice for continuous disclosure evolves. The Company Secretary will communicate any amendments to Company employees.

If you have any questions on the Policy, or require further information, contact Mark Todd on +64 3 3736115 or email at Mark.Todd@kathmandu.co.nz.

Adopted by the Board of Directors on 19 October 2009