



Patties Foods Ltd
ACN 007 157 182

Securities Trading Policy

August 2011

1 Background

The Board has adopted the following securities trading policy (**Policy**) in relation to the buying, selling and dealing (**Trading**) of shares and other securities of, PFL (**PFL Securities**).

The purpose of the Policy is to ensure that those persons who are in positions that may or could have sensitive information in the operations or future directions of PFL are aware of and not in breach of the disclosure environments that are applicable to ASX listed companies and the internal requirements of disclosure or levels of restrictions that apply to Trading in PFL's securities.

2 Application

The Policy applies to PFL's Directors and Senior Management (**Restricted Persons**) which, for present purposes, includes PFL's Key Management Personnel (as defined in Accounting Standard AASB 124 Related Party Disclosure), Senior Operational Management and personnel who are likely to receive price-sensitive non-public information in the course of their positions of employment.

3 The Insider Trading Provisions

The insider trading provisions of the Corporations Act (**Insider Trading Provisions**) prohibit a person (which includes a company) in possession of 'inside information' about financial products (which include PFL Securities) from:

- (a) applying for, acquiring or disposing of those financial products; or
- (b) procuring another person to do any of those things; or
- (c) communicating the inside information to someone who is likely to deal or do any of the things in (a) or (b).

A person is taken to have 'procured' another if that person incites, induces or encourages or causes an act or omission by that other person.

Insider trading is a criminal offence. It is punishable by substantial fines or imprisonment or both. It may also attract civil penalties. A court may impose substantial pecuniary penalties for insider trading and order payment of compensation to persons who suffer or are taken to suffer loss or damage because of insider trading.

"Inside information" is information which is not "generally available" and information which a reasonable person would expect to have a "material effect on the price" or value of the particular financial products in question.

Information is generally available if it;

- (a) is readily observable; or
- (b) has been made known in a manner likely to bring it to the attention of persons who commonly invest in financial products of the relevant type and a reasonable period for that information to be disseminated has elapsed since it was made known; or
- (c) consists of deductions, conclusions or inferences made or drawn from information falling under (a) or (b).

4 Restrictions on Trading and Dealing

4.1 General Restrictions

Restricted Persons:

- (a) must not engage in short term trading of any PFL Securities (ie. buy PFL Securities with an intention to sell the PFL Securities within a 12 month period); and
- (b) must not, despite anything to the contrary in this Policy, Trade in any PFL Securities in contravention of the Insider Trading Provisions.

4.2 Specific Restrictions

Restricted Persons should not (unless otherwise approved by PFL), directly or indirectly, grant any form of security (whether by way of charge, mortgage, pledge or otherwise) over any PFL Securities to secure any obligation of that Restricted Person or any third party, or enter into any margin lending arrangement involving PFL Securities, regardless of whether such security is granted, or the margin lending arrangement is entered into, during or outside a trading window.

5 Closed Periods

Restricted Persons are prohibited from Trading in PFL Securities during the following periods (each, **Closed Period**):

- (a) 1 January up to and including the day after the release of PFL's half-year results;
- (b) 30 days after the release of PFL's half-year results up to and including 30 June;
- (c) 1 July up to and including the day after the release of PFL's full year results;
- (d) 30 days after the release of PFL's full year results up to and including the day after the release of the chairman's address for PFL's AGM; and
- (e) 30 days after the release of the chairman's address for PFL's AGM up to and including 31 December.

Restricted Persons may be prohibited from Trading in PFL Securities during periods outside Closed Periods.

6 Exemptions

6.1 Excluded Trading

A Restricted Person may Trade in PFL Securities during a Closed Period if the Trading falls within one of the following categories:

- (a) off-market trading in PFL Securities where the trading results in no change in beneficial interest in the PFL Securities including an off-market transfer of PFL Securities already held by a Restricted Person to a superannuation fund of which the Restricted Person is a beneficiary;
- (b) an investment in, or trading in units of, a fund or managed investment scheme (other than a fund or scheme that invests only in PFL Securities) where the assets of the fund or scheme are invested at the discretion of a third party;
- (c) undertaking to accept or the acceptance of a takeover offer;
- (d) Receiving shares by way of issue under any Employee Share Plan or through the exercise of options to acquire shares in PFL by way of issue under the PFL Long Term Incentive Plan, excluding the subsequent sale or transfer of those shares (unless another exemption applies in respect of the sale or transfer); and
- (e) Trading under an offer or invitation made to all or most of PFL's Security holders, such as, a rights issue, a security purchase plan, a dividend or distribution reinvestment plan and an equal access buy-back, where the plan that determines the timing and structure of the offer have been approved by the Board. This includes decisions relating to whether or not to take up the entitlements under a renounceable pro rata issue.

6.2 Trading with Consent

A Restricted Person may trade in PFL Securities during a Closed Period if that person obtains written permission to do so in accordance with paragraph 6.3. It is desirable that Restricted Persons advise the Chairman of their intention to trade in PFL Securities during periods other than Closed Periods.

6.3 Procedure for obtaining consent to trade

- (a) A Restricted Person who wishes to trade in PFL Securities during a Closed Period (**Applicant**) must obtain the prior written permission prior to the trade (whether by letter, facsimile, electronic or other forms of visible communication) of:
 - i) the Chairman; or
 - ii) where the Chairman is the applicant, from the Chair of the Audit Committee(each, **Approver**).
- (b) The Applicant must give an undertaking that they are not in possession of any price-sensitive information which is not generally available and that clause 4.2 does not apply.

- (c) Any permission obtained must be obtained not less than 3 business days (or such lesser period as the Approver allows) prior to the proposed trade.
- (d) An Approver may only provide their written permission where the Approver is satisfied that:
 - i) the Applicant is in severe financial hardship or other exceptional circumstances exist;
 - ii) there is no inside information in relation to PFL Securities; and
 - iii) the proposed Trade is the only reasonable course of action available to the Applicant.
- (e) The following are examples of situations of severe financial hardship or other exceptional circumstances which an Approver may consider sufficient to warrant giving their permission to a Trade:
 - i) 'severe financial hardship' which could include the Applicant having a pressing financial commitment that cannot be satisfied otherwise than by selling the relevant PFL Securities; and
 - ii) 'exceptional circumstances' which could include where the Applicant is required by a court order, or there are court enforceable undertakings, for example, in a bona fide family settlement, to transfer or sell PFL Securities or there is some overriding legal or regulatory requirement for the Applicant to do so.
- (f) Determination as to whether an Applicant is in severe financial hardship or whether a particular set of circumstances exist may only be made by the Approver, whose decision will be conclusive, final and binding.

7 Disclosure of Changes in PFL Directors' Interest

Changes to the interests of Directors in PFL's Securities are, as required by law, notified to the ASX and this will include trading in PFL Securities that are either held directly or indirectly through a controlled entity of the Director.

In order for PFL, as an agent for the Director, to notify the ASX in accordance with the ASX Listing Rules, Directors must notify the Company Secretary immediately of details of trading in PFL Securities.