

CONTINUOUS DISCLOSURE POLICY

1. PURPOSE

This document sets out the Continuous Disclosure Policy of Waterco Limited ACN 002 070 733 (“the Company”).

2. INTERPRETATION

For the purposes of this document, “Officers” shall mean:

- 2.1 Directors;
- 2.2 Company Secretaries;
- 2.3 those persons who report directly to the Chief Executive Officer, Sales & Marketing Director, Chief Financial Officer and Chief Accountant.

3. INFORMATION TO BE DISCLOSED

Under Listing Rule 3.1, once the Company becomes aware of any information that a reasonable person would expect to have a material effect on the price or value of the Company’s securities, the Company must **immediately** notify the ASX of the information.

Listing Rule 15.7 further states that the Company cannot disclose information that is intended for release to the market to anyone until they have first disclosed it to the ASX.

Therefore information cannot be selectively disclosed (for example to analysts, the media, groups of shareholders or customers) before it is announced to the ASX. Presentations to be made to shareholder meetings or analysts’ briefings must be released to the ASX at or before the time of the presentation.

4. LIMITED CIRCUMSTANCES WHERE DISCLOSURE IS NOT REQUIRED

Disclosure under Listing Rule 3.1 does not apply if:

- 3.1A.1 *One or more of the following applies:*
 - *It would be a breach of the 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;*
 - *The information is generated for the internal management purposes of the entity;*
 - *The information is a trade secret. and*
- 3.1A.2 *The information is confidential and the ASX has not formed the view that the information has ceased to be confidential; and*
- 3.1A3 *A reasonable person would not expect the information to be disclosed.*

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According to paragraph 27 of ASX Guidance Note 8, the exception is directed at protecting the legitimate commercial interests of listed entities in the situation where the integrity of the market is not undermined. For example, this exception allows for:

- 4.1 disclosure of information to an external party with whom the company is in confidential negotiations with respect to, for example, an acquisition or disposal; or
- 4.2 the process of preparing financial projections and business plans for internal discussion and review.

However, the company must monitor on an ongoing basis whether all three conditions of the exemption continue to be met. As soon as one no longer applies, the Company must disclose. For example:

- 4.3 if information has been leaked to the media, the information ceases to be confidential and the Company will need to disclose sufficient information to ensure that the market is properly informed;
- 4.4 where in the course of preparing draft financial statements it becomes apparent that there has been a major change in the Company's financial circumstances, a reasonable person would expect the Company to give some advance notice to the market before lodging final half-yearly or year-end statements.

5. WHY BE CONCERNED ABOUT CONTINUOUS DISCLOSURE?

Failure to disclose price sensitive information in accordance with the Listing Rules exposes the Company, and the individuals responsible for the breach, to significant fines. Therefore it is essential that all employees understand the Company's legal obligations, and their practical obligations under this Policy.

6. REPORTING LINES

Officers and employees must immediately notify one of the Company Secretaries of any material information which may need to be disclosed under Listing Rule 3.1. The Company Secretary will then discuss the information with the Chairman and together they will determine whether disclosure to the ASX is required.

7. ROLE OF COMPANY SECRETARIES

The Company Secretaries have primary responsibility for discharging the Company's continuous disclosure obligations to the ASX.

Officers and employees are encouraged to disclose relevant information to one of the Company Secretaries who are then to report to the Chairman.

8. PROMOTING COMPLIANCE

The officers are committed to:

- 8.1 encouraging prompt disclosure of any material information which may need to be disclosed under Listing Rule 3.1; and

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- 8.2 promoting an understanding of the importance of the continuous disclosure regime throughout the Company.

9. PREVENTION OF A FALSE MARKET

To prevent a false market in the Company's securities, the Officers are committed to ensuring that:

- 9.1 all investors have equal and timely access to material information concerning the Company; and
- 9.2 all Company announcements are accurate, timely and contain no omissions or misrepresentations.

10. SAFEGUARDING INFORMATION

The Company has implemented the following policies to ensure corporate information is not prematurely disclosed:

- 10.1 any material information brought to a Company Secretary's attention is discussed with the Chairman and together they determine whether disclosure to the ASX is required;
- 10.2 the Company Secretaries, the Chairman and the Sales & Marketing Director are the only Officers who may disclose material information to the ASX; and
- 10.3 all employment agreements include obligations to protect confidential information contained about the Company in the course of employment.

11. MEDIA CONTACT

The Company Secretaries and the Chairman will determine whether it is necessary to contact the media in respect of any disclosures made to the ASX.

Unless otherwise agreed by the Board, the Chairman and the Sales & Marketing Director will be the only Officers permitted to make comments to the media.

12. EXTERNAL COMMUNICATIONS

The Board is committed to ensuring that:

- 12.1 all shareholders have equal and timely access to material information concerning the Company; and
- 12.2 all Company announcements are factual and presented in a clear and balanced way.

Please refer to the Company's Shareholder Communication Policy for more details.

13. REVIEW

This Policy will be reviewed periodically as and when necessary to meet the operational requirements of the Company and changes in the law.