2015 Corporate Governance Statement

MGM Wireless Ltd.

Liability limited by a scheme approved under the Professional Standards Legislation

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1. Corporate Governance Statement

The Board of Directors of MGM Wireless Limited is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of MGM Wireless Limited on behalf of the shareholders by whom they are elected and to whom they are accountable. This statement reports on MGM Wireless Limited's key governance principles and practices.

The Company, as a listed entity, must comply with the Corporations Act 2001 and the ASX Limited (ASX) Listing Rules. The ASX Listing Rules require the Company to report on the extent to which it has followed the Corporate Governance Recommendations published by the ASX Corporate Governance Council. Where a recommendation has not been followed, that fact is disclosed, together with the reasons for the departure.

The table below summaries the Company's compliance with the Corporate Governance Council's Recommendations:

		Comply	Reference
Principle 1	**Lay solid foundations for management and oversight**		
1.1	A listed entity should disclose: • the respective roles and responsibilities of its board and management; and • those matters expressly reserved to the board and those delegated to management.	 Yes Yes	 2(a) 2(a)
1.2	A listed entity should: • undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and • provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	 Yes Yes	 2(d) 2(d)
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	No	2(b)
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	Yes	2(b)
1.5	A listed entity should: • have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them • disclose that policy or a summary of it; and • disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its	 No Yes N/A	 4(b) 4(b)

	progress towards achieving them, and either:		
	(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or	Yes	4(b)
	(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "gender Equality Indicators", as defined in and published under that Act.	N/A	
1.6	A listed entity should:		
	• have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and	Yes	2(h)
	• disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Yes	2(h)
1.7	A listed entity should:		
	• have and disclose a process for periodically evaluating the performance of its senior executives; and	Yes	2(h)
	• disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Yes	2(h)
Principle 2	**Structure the board to add value**		
2.1	The board of a listed entity should:		
	• have a nomination committee which:	No	2(d)
	(1) has at least three members, a majority of whom are independent directors; and	N/A	
	(2) is chaired by an independent director;	N/A	
	and disclose:		
	(3) the charter of the committee;	N/A	
	(4) the members of the committee; and	N/A	
	(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or	N/A	
	• if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experiences, independence and diversity to enable it to discharge its duties and responsibilities effectively.	Yes	2(d)
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	No	2(b)
2.3	A listed entity should disclose:		
	• the names of the directors considered by the board to be independent directors;	Yes	2(e)
	• if a director has an interest, position, association or relationship of the type described in Box 2.3 but the	Yes	2(e)

	board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position , association or relationship in question and an explanation of why the board is of that opinion; and		
	• the length of service of each director.	Yes	2(e)
2.4	A majority of the board of a listed entity should be independent directors.	No	2(e)
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	No	2(c)
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	No	2(d)
Principle 3	**Act ethically and responsibly**		
3.1	A listed entity should:		
	• have a code of conduct for its directors, senior executives and employees; and	No	4(a)
	• disclose that code or a summary of it.	N/A	
Principle 4	**Safeguard integrity in corporate reporting**		
4.1	The board of a listed entity should:		
	• have an audit committee which:	No	3(a)
	(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and	N/A	
	(2) is chaired by an independent director, who is not the chair of the board;	N/A	
	and disclose:		
	(3) the charter of the committee;	N/A	
	(4) the relevant qualifications and experience of the members of the committee; and	N/A	
	(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or	N/A	
	• if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	Yes	3(a)
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been	Yes	6(c)

	formed on the basis of a sound system of risk management and internal control which is operating effectively.		
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from the security holders relevant to the audit.	Yes	5(a)
Principle 5	**Make timely and balanced disclosure**		
5.1	A listed entity should:		
	• have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and	No	5(b)
	• disclose that policy or a summary of it.	N/A	
Principle 6	**Respect the rights of security holders**		
6.1	A listed entity should provide information about itself and its governance to investors via its website.	Yes	5(a)
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	No	5(a)
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Yes	5(a)
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Yes	5(a)
Principle 7	**Recognise and manage risk**		
7.1	The board of a listed entity should:		
	• have a committee or committees to oversee risk, each of which:	No	6(a)
	(1) has at least three members, a majority of whom are independent directors; and	N/A	
	(2) is chaired by an independent director;	N/A	
	and disclose:		
	(3) the charter of the committee;	N/A	
	(4) the members of the committee; and	N/A	
	(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or	N/A	
	• if it does not have a risk committee or committees that satisfy above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	Yes	6(a)
7.2	The board or a committee of the board should:		
	• review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and	Yes	6(a)
	• disclose in relation to each reporting period, whether such a review has taken place.	Yes	6(a)
7.3	A listed entity should disclose:		
	• if it has an internal audit function, how the function is	N/A	

	structured and what role it performs; and • if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	Yes	6(a)
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	Yes	6(e)
Principle 8	**Remunerate fairly and responsibly**		
8.1	The board of a listed entity should:		
	• have a remunerate committee which:	No	3(c)
	(1) has at least three members, a majority of whom are independent directors; and	N/A	
	(2) is chaired by an independent director;	N/A	
	and disclose:		
	(3) the charter of the committee;	N/A	
	(4) the members of the committee; and	N/A	
	(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or	N/A	
	• if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	Yes	3(c)
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	Yes	3(c)
8.3	A listed entity which has an equity-based remuneration scheme should:		
	• have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and	Yes	3(c)
	• disclose that policy or a summary of it.	Yes	3(c)

2. The Board of Directors

(a) Roles and Responsibilities of the Board

The Board is accountable to the shareholders and investors for the overall performance of the Company and takes responsibility for monitoring the Company's business and affairs and setting its strategic direction, establishing and overseeing the Company's financial position.

The Board is responsible for:

- ensuring the Company's conduct and activities are ethical and carried out for the benefit of all its stakeholders;
- development of corporate strategy, implementation of business plans and performance objectives;
- reviewing, ratifying and monitoring systems of risk management, codes of conduct and legal and regulatory compliance;
- the appointment of the Company's Managing Director, Chief Executive Officer (or equivalent), Chief Financial Officer, Company Secretary and other senior executives;
- monitoring senior executives' performance and implementation of strategy;
- determining appropriate remuneration policies;
- allocating resources and ensuring appropriate resources are available to management;
- approving and monitoring the annual budget, progress of major capital expenditure, capital management, and acquisitions and divestitures; and
- approving and monitoring financial and other reporting.

Other than as specifically reserved to the Board, responsibility for the day-to-day management of the Company's business activities is delegated to the Chief Executive Officer and Executive Management.

(b) Board Composition

The Directors determine the composition of the Board employing the following principles:

- the Board, in accordance with the Company's constitution must comprise a minimum of three Directors;
- the Board should represent a broad range of qualifications, experience and expertise considered of benefit to the Company; and
- the Board must be structured in such a way that it has a proper understanding of, and competency in the current and emerging issues facing the Company, and can effectively review management's decisions.

The Board considers that, at this stage of the Company's development, it is not necessary to set out these principles in a formal board skills matrix.

At the end of the financial year, the Board comprised of three Executive Directors and a Non-Executive Director. The skills, experience, expertise, qualifications and terms of office of each director in office at the date of the annual report is included in the Directors' Report.

The Board does not currently comprise a majority of non-executive directors. Given the size and scale of the Company's current operations, the Board does not consider it essential, or cost effective, to appoint further independent directors at this time.

The Chair is not independent and the role of Chair and chief executive officer are exercised by the same person. The Board considers that, at this stage of the Company's development, the executive role carried out by the Chairman is in the best interests of the Company.

The Company's constitution requires one-third of the Directors (or the next lowest whole number) to retire by rotation at each Annual General Meeting (AGM). The Directors to retire at each AGM are those who have been longest in office since their last election. Where Directors have served for equal periods, they may agree amongst themselves or determine by lot who will retire. A Director must retire in any event at the third AGM since he or she was last elected or re-elected. Retiring Directors may offer themselves for re-election.

A Director appointed as an additional or casual Director by the Board will hold office until the next AGM when they may be re-elected.

The Executive Chairman is not subject to retirement by rotation and, along with any Director appointed as an additional or casual Director, is not to be taken into account in determining the number of Directors required to retire by rotation.

Each Executive Director and each member of the senior executive team signs a formal employment contract at the time of their appointment covering a range of matters including their duties, rights, responsibilities and any entitlemnts on termination. The Board considers that, at this stage of the Company's development, it is not necessary to set out the terms of the Non-Executive Director's appointment in a written letter agreement.

The Company Secretary is accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board.

(c) Chairman and Chief Executive Officer

The Chairman is responsible for:

- leadership of the Board;
- the efficient organisation and conduct of the Board's functions;
- the promotion of constructive and respectful relations between Board members and between the Board and management;
- contributing to the briefing of Directors in relation to issues arising at Board meetings;
- facilitating the effective contribution of all Board members; and

- committing the time necessary to effectively discharge the role of the Chairman.

The Chief Executive Officer is responsible for:

- implementing the Company's strategies and policies; and
- the day-to-day management of the Company's business activities.

Board policy specifies that the roles of the Chairman and the Chief Executive Officer should be separate roles to be undertaken by separate people. Presently, the role of Chairman and Chief Executive Officer are exercised by the same person. The Board considers that, at this stage of the Company's development, the executive role carried out by the Chairman is in the best interests of the Company. The Board will monitor the need to separate these roles as the company's circumstances change.

(d) Nomination Committee

The Company does not comply with ASX Recommendation 2.1. The Company is not of a relevant size to consider formation of a nomination committee to deal with the selection and appointment of new Directors and as such a nomination committee has not been formed.

Nominations of new Directors are considered by the full Board. If any vacancies arise on the Board, all directors are involved in the search and recruitment of a replacement. The Board has taken a view that the full Board will hold special meetings or sessions as required. The Board are confident that this process for selection and review is stringent and full details of all Directors are provided to shareholders in the annual report and on the Company's website.

The Board considers that, at this stage of the Company's development, it is appopriate that the induction program for new Directors be conducted on an informal basis. The Company does provide appropriate professional development opportunities for Directors to develop and maintain the skills and knowledge needed to perform their role as Directors effectively.

(e) Independent Directors

The Company recognises that independent Directors are important in assuring shareholders that the Board is properly fulfilling its role and is diligent in holding senior management accountable for its performance. The Board assesses each of the directors against specific criteria to decide whether they are in a position to exercise independent judgment.

Directors of MGM Wireless Limited are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgement.

In making this assessment, the Board considers all relevant facts and circumstances. Relationships that the Board will take into consideration when assessing independence are whether a Director:

- is a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- is employed, or has previously been employed in an executive capacity by the Company or another Company member, and there has not been a period of at least three years between ceasing such employment and serving on the Board;
- has within the last three years been a principal of a material professional advisor or a material consultant to the Company or another Company member, or an employee materially associated with the service provided;
- is a material supplier or customer of the Company or other Company member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- has a material contractual relationship with the Company or another Company member other than as a Director;
- has close family ties with any person who falls within any of the categories described above; or
- has been a Director for such a period that his or her independence may have been compromised.

The Board had one independent Non Executive Director from her appointment to the Board on 7 July 2014.

In accordance with the definition of independence above, and the materiality thresholds set, the following Directors of MGM Wireless Limited were considered to be independent:

Name	Position
Leila Henderson	Non-Executive Director

The following persons were directors of MGM Wireless Limited during the financial year:

Name	Term of Office
Mark Fortunatow	Since 3 October 2003
Mark Hurd	Since 3 October 2003
Tara Lewis-Christie	Since 26 February 2014
Leila Henderson	Since 7 July 2014

The Board does not currently comprise a majority of independent non-executive directors. Given the size and scale of the Company's current operations, the Board does not consider it essential to appoint further independent directors at this time. The Board appointed an

independent Director effective 7 July 2014. The Board will continue to monitor the need to appoint additional non-executive directors, as considered appropriate.

The Board recognises the importance of independent views and, in the Board's role in supervising the activities of management, the Chairman should be a Non-Executive Director. The Board considers that, at this stage of the Company's development, the executive role carried out by the Chairman is in the best interests of the Company.

(f) Avoidance of conflicts of interest by a Director

In order to ensure that any interests of a Director in a particular matter to be considered by the Board are known by each Director, each Director is required by the Company to disclose any relationships, duties or interests held that may give rise to a potential conflict. Directors are required to adhere strictly to constraints on their participation and voting in relation to any matters in which they may have an interest.

(g) Board access to information and independent advice

Directors are able to access members of the management team at any time to request relevant information.

There are procedures in place, agreed by the Board, to enable Directors, in furtherance of their duties, to seek independent professional advice at the company's expense.

(h) Review of Board and senior executives' performance

The performance of the Board and senior executives is reviewed regularly by the Chairman. The Chairman conducts performance evaluations which involve an assessment of each Board member's and senior executive's performance against specific and measurable qualitative and quantitative performance criteria. The Board member and senior executive assessment measures are the responsibility of the Chairman. The performance criteria against which directors and senior executives are assessed is aligned with the financial and non-financial objectives of MGM Wireless Limited. Primarily, the review will be carried out through consultation by the Chairman and with individual Directors and senior executives. A performance evaluation of the Board, directors and senior executives, in accordance with the process disclosed did take place during the reporting period.

3. Board Committees

(a) Audit Committee

Given the size and scale of the Company's operations the full Board undertakes the role of the Audit Committee.

Recommendation 4.1 is not complied with as the full Board undertakes the role of the Audit Committee.

The role and responsibilities of the full Board undertaking the role of the Audit Committee are summarised below.

The Audit Committee is responsible for reviewing the integrity of the Company's financial statements and overseeing the independence of the external auditors. The Board sets aside time to deal with issues and responsibilities usually delegated to the Audit Committee to ensure the integrity of the financial statements of the Company and the independence of the auditor.

The Board reviews the audited annual and half-year financial statements and any reports which accompany published financial statements and recommends their approval to the members. The Board also reviews annually the appointment of the external auditor, their independence and their fees.

The Board is also responsible for establishing policies on risk oversight and management. The Company has not formed a separate Risk Management Committee due to the size and scale of its operations.

(b) External Auditors

The Company's policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed annually and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs.

An analysis of fees paid to the external auditors, including a break-down of fees for non-audit services, is provided in the notes to the financial statements in the Annual Report.

There is no indemnity provided by the company to the auditor in respect of any potential liability to third parties. The external auditor is requested to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and preparation and content of the audit report.

There were no non-audit services provided by the auditors during the year.

(c) Remuneration Committee

The role of a Remuneration Committee is to assist the Board in fulfilling its responsibilities in respect of establishing appropriate remuneration levels and incentive policies for employees.

The Board has not established a separate Remuneration Committee due to the size and scale of its operations. This does not comply with Recommendation 8.1 however the Board as a whole takes responsibility for such issues.

The responsibilities include setting policies for senior officers remuneration, setting the

terms and conditions for the CEO, reviewing and making recommendations to the Board on the Company's incentive schemes and superannuation arrangements, reviewing the remuneration of both executive and non-executive directors and undertaking reviews of the CEO's performance.

The Company has structured the remuneration of its senior executives, where applicable, such that it comprises a fixed salary, statutory superannuation and, where applicable, participation in the Company's employee share option plan. The Company believes that by remunerating senior executives in this manner it rewards them for performance and aligns their interests with those of shareholders and increases the Company's performance.

Non-executive directors are paid their fees out of the maximum aggregate amount approved by shareholders for non-executive director remuneration. The non-executive directors do not participate in any schemes for retirement benefits, other than superannuation. The Company has and may, in the future, grant options to non-executive directors. The Board is of the view that options (for both executive and non-executive directors) are a cost effective benefit for small companies such as MGM Wireless Limited that seek to conserve cash reserves. They also provide an incentive that ultimately benefits both shareholders and the option holders, as option holders will only benefit if the market value of the underlying shares exceeds the option strike price. Ultimately, shareholders will make that determination.

The Board's policy is to remunerate Directors at market rates for time, commitment and responsibilities. The Board determines payments to the Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. Fees for Non-Executive Directors are not linked to the performance of the consolidated entity. However, to align Directors' interests with shareholders interests, the Directors are encouraged to hold shares in the Company.

The Company's aim is to remunerate at a level that will attract and retain high-calibre directors and employees.

Company officers and Directors are remunerated to a level consistent with the size of the Company.

The Board believes that it has implemented suitable practices and procedures that are appropriate for an organisation of this size and maturity.

In accordance with best practice corporate governance, the structure of Non-Executive Director and Executive compensation is separate and distinct.

In determining remuneration, the Board has taken a view that the full Board will hold special meetings or sessions as required. No Director participated in any deliberation regarding his or her own remuneration or related issues. The Board is confident that this process for determining remuneration is stringent and full details of remuneration policies and remuneration received by directors and executives in the current period is contained in the "Remuneration Report" of this Annual Report.

The Company's Share Trading Policy states that all directors and employees are prohibited from dealing in the Company's securities where transactions are entered that limit the economic risk of participating in unvested entitlements, such as unvested options, under an equity based executive or employee incentive plan.

4. Ethical and Responsible Decision Making

(a) Code of Ethics and Conduct

Although, due to the limited size of the Company, a code of conduct has not been established, the Board endeavours to ensure that the Directors, officers and employees of the Company act with integrity and observe the highest standards of behaviour and business ethics in relation to their corporate activities.

Senior managers are expected to ensure that employees, contractors, consultants, agents and partners under their supervision are aware of the Company's expectations.

All Directors, officers and employees are expected to:

- comply with the law;
- act in the best interests of the Company;
- be responsible and accountable for their actions; and
- observe the ethical principles of fairness, honesty and truthfulness, including prompt disclosure of potential conflicts.

(b) Diversity Policy

The Company has established a diversity policy and a summary of the policy is available on the Company's website.

At this stage however, due to the limited size of the Company and scale of its operations, the Board has not established measureable objectives for achieving gender diversity. The policy does not include requirements for the board to establish and annually assess measurable objectives and the progress towards achieving them.

The proportion of men and women employees in the organisation, in senior executive positions and on the board is as follows:

	Men	Women	Total
Organisation	14	3	17
Senior executive positions	4	1	5
Board	2	2	4

5. Timely and Balanced Disclosure and Respecting the Rights of Shareholders

(a) Shareholder communication

Due to the limited size of the Company it is not considered that a communications policy is required.

The Company via its website, http://www.mgmwireless.com/ provides information to investors about the Company and its governance. The website has a "Investor Centre" landing page from where relevant corporate governance information can be accessed, including the names and brief biographical information for each of the Company's directors and the Company's diversity policy.

The Company also includes links in appropriate areas of the website to:

- copies of its annual reports and financial statements;
- copies of its announcements to ASX; and
- an overview of the Company's current business.

The Company believes that all shareholders should have equal and timely access to material information about the Company including its financial situation, performance, ownership and governance. The Company endeavours to effectively communicate with its shareholders by requiring that Company announcements:

- be factual and subject to internal vetting and authorisation before issue;
- be made in a timely manner;
- not omit material information;
- be expressed in a clear and objective manner to allow investors to assess the impact of the information when making investment decisions;
- be in compliance with ASX Listing Rules continuous disclosure requirements; and
- be placed on the Company's website promptly following release.

Shareholders are encouraged to participate in general meetings. Copies of addresses by the Chairman and Chief Executive Officer are disclosed to the market and posted on the Company's website. The Company's external auditor attends the Company's annual general meeting to answer shareholder questions about the conduct of the audit, the preparation and content of the audit report, the accounting policies adopted by the Company and the independence of the auditor in relation to the conduct of the audit.

Shareholders are encouraged to provide their email address to the share registry to facilitate electronic communications.

(b) Continuous disclosure policy

The Company does not have a written disclosure policy. It is not considered that a written policy is required at this time due to the size of the Company and the limited scale of its operations.

The Company is committed to ensuring that shareholders and the market are provided with full and timely information and that all stakeholders have equal opportunities to receive externally available information issued by the Company. This approach reinforces the Company's commitment to continuous disclosure and outlines management's accountabilities and the processes to be followed for ensuring compliance.

The Company Secretary has been nominated as the person responsible for communications with the ASX. This role includes responsibility for ensuring compliance with the continuous disclosure requirements with the ASX Listing Rules and overseeing and coordinating information disclosure to the ASX.

6. Recognising and Managing Risk

The Board is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. The Company's policies are designed to ensure strategic, operational, legal, reputation and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the Company's business objectives. Considerable importance is placed on maintaining a strong control environment. There is an organisation structure with clearly drawn responsibilities.

(a) Board oversight of the risk management system

The Company is not currently considered to be of a size, nor is its affairs of such complexity to justify the establishment of a separate Risk Management Committee. Instead, the Board, as part of its usual role and through direct involvement in the management of the Company's operations ensures risks are identified, assessed and appropriately managed. Where necessary, the Board draws on the expertise of appropriate external consultants to assist in dealing with or mitigating risk.

The Board is responsible for approving and overseeing the risk management system. The Board reviews, at least annually, the effectiveness of the implementation of the risk management controls and procedures. A review of the risk management system took place during the reporting period.

The Company is not currently considered to be of a size, nor is its affairs of such complexity to justify the establishment of an internal audit function. The Company is satisfied that the processes it employs bring a systematic, disciplined approach to evaluating and continually improving the effectiveness of its risk management and internal control framework.

The principle aim of the system of internal control is the management of business risks, with a view to enhancing the value of shareholders' investments and safeguarding assets. Although no system of internal control can provide absolute assurance that the business risks will be fully mitigated, the internal control systems have been designed to meet the

Company's specific needs and the risks to which it is exposed.

Annually, the Board is responsible for identifying the risks facing the Company, assessing the risks and ensuring that there are controls for these risks, which are to be designed to ensure that any identified risk is reduced to an acceptable level.

The Board is also responsible for identifying and monitoring areas of significant business risk. Internal control measures currently adopted by the Board include:

- at least quarterly reporting to the Board in respect of operations and the Company's financial position, with a comparison of actual results against budget; and
- regular reports to the Board by the Company's Auditors, outlining the nature of particular risks and highlighting measures which are either in place or can be adopted to manage or mitigate those risks.

(b) Risk management roles and responsibilities

The Board is responsible for approving and reviewing the Company's risk management strategy and policy. Executive management is responsible for implementing the Board approved risk management strategy and developing policies, controls, processes and procedures to identify and manage risks in all of the Company's activities.

The Board is responsible for satisfying itself that management has developed and implemented a sound system of risk management and internal control.

(c) Chief Executive Officer and Chief Financial Officer Certification

The Chief Executive Officer and Chief Financial Officer, or equivalent, provide to the Board written certification that in all material respects:

- The Company's financial records have been properly maintained;
- The Company's financial statements present a true and fair view of the Company's financial condition and operational results and are in accordance with relevant accounting standards;
- The statement given to the Board on the integrity of the Company's financial statements is founded on a sound system of risk management and internal compliance and controls which implements the policies adopted by the Board; and
- The Company's risk management an internal compliance and control system is operating efficiently and effectively in all material respects.

(d) Internal review and risk evaluation

Assurance is provided to the Board by executive management on the adequacy and effectiveness of management controls for risk on a regular basis.

(e) Economic, environmental and social sustainability risks

Changes in the general economic climate in which the Company operates may adversely affect the financial performance of the Company. Factors that may contribute to that general economic climate include the level of direct and indirect competition against the Company, industrial disruption in Australia, the rate of growth of Australia's gross domestic product, interest rate and the rate of inflation. The Company manages these risks in the manner set out in paragraph 6 of this statement.

The Company does not have any material exposure to environmental or social sustainability risks.