

CORPORATE GOVERNANCE STATEMENT - 2010

The Directors of Inventis Limited are committed to achieving the highest standard of corporate governance. Except where specified in this statement, the Company has adopted the ASX Guidelines on "Corporate Governance Principles and Recommendations – Second Edition".

The Company website has a dedicated section dealing with its corporate governance on which can be found its corporate governance charter and policies.

1.1 Board and Management

1.1.1 Role of the Board

The role of the Board is to provide strategic guidance for Inventis and effective oversight of its Management.

The Board meets regularly to discharge its duties and each Director has signed an appointment letter setting out his/her rights and obligations as well as certain expectations. At the time of appointment, each director is provided with an induction pack consisting of all relevant documents relating to the Corporate Governance.

The main functions of the Board as stated in the Company's Board Charter are:

- Setting Inventis' vision and deciding upon its business strategies and objectives;
- Appointing the leadership to put the strategies into effect;
- Monitoring the operational and financial position and performance of Inventis;
- Identifying the principal risks faced by Inventis and ensuring that appropriate control and monitoring systems are in place to manage the impact of these risks;
- Ensuring that Inventis' financial and other reporting mechanisms result in adequate, accurate and timely information being provided to the Board;
- Ensuring that investors and the market are fully informed of all material developments, in a timely manner;
- Appointing, and where appropriate, removing the Chairman and the Managing Director, approving other key executive appointments and dismissals of those reporting to the Managing Director as well as planning for executive succession;

- Overseeing and evaluating the performance of the Chairman and the Managing Director and other senior executives in the context of Inventis' strategies and objectives;
- Approving budgets and business plans and monitoring the progress of major capital expenditures, capital management as well as acquisitions and divestures;
- Ensuring compliance with all relevant laws, government regulators and accounting standards; and
- Ensuring that the business of Inventis and its subsidiaries is conducted openly and ethically.

1.1.2 Board's Delegation of Authority

The Board has delegated the day to day functions of the business to be performed by the senior executives under the guidance of the Executive Chairman.

The Board ensures that it receives weekly updates from the Executive Chairman with regard to the delegated authority.

1.1.3 Evaluation of performance of the Senior Executives

At the appointment stage, each senior executive is provided with their job description along with the appointment letter and key performance indicators are set for measuring their performance in the probation period as well for the year ahead.

The Remuneration and Nomination Committee has set up the performance of the General Managers and the Chief Financial Officer according to the business plans of their respective divisions and the achievement of the targets stated therein.

The respective General Managers and the Chief Financial Officer consult with the senior executives directly reporting to them and set the Key performance indicators (KPIs) for each of them.

In the financial year ended 30 June 2010, the performance evaluation of all the employees was conducted in June-July 2010 according to the KPIs set for each of the employee in the previous financial year.

1.2 Board and its performance

1.2.1 Composition of the Board and Board Processes

The composition of the Board during the year ended 30 June 2010 had a majority of directors who were independent.

- (a) During the period and until the date of reporting, the composition of the Board was as follows:
 - (i) From 1 July 2009 to 2 August 2009 – An Executive Chairman (Mr Tony Noun) with two independent non-executive Directors (Mr Denis Pidcock and Mr Charles Wright). The Chairman does not have a right of veto under the Company's constitution;
 - (ii) From 3 August 2009 to 20 November 2009 - the Board appointed Ms Linda Barrett to be a non-executive director to a casual vacancy. Ms Linda Barrett did not stand for election at the Annual General Meeting held on 20 November 2009 and the Board of Directors resolved to reduce the number of directors to three unless further notice; and
 - (iii) From 20 November 2009 to the date of reporting – the Board consisted of three directors, two of whom were non-executive, independent directors and one being the executive chairman. The Chairman does not have a right of veto under the Company's Constitution.
- (b) Each director has the right to access to all relevant company information and to the Company's executives and, subject to prior consultation with the Chairperson and the Managing Director and after obtaining the approvals of the fee payable for the advice, may seek independent professional advice from a suitably qualified adviser at the Company's expense. A copy of the advice received by the Director is made available to all other members of the Board.
- (c) In case of conferring in the presence of the Executive Chairman, Mr Denis Pidcock has been appointed as a Lead independent director to ensure that in such discussions, executive director does not influence the non-executive directors.
- (d) At the time of appointment of a director or a senior executive, such director or senior executive discloses all interests to the Board. The Board puts in place a plan for management in case of any conflicts of interests. All the directors and senior executives are then required to inform any change in their interests at every

Board Meeting. This process assists the Board to determine the independence of a director. The Company has put in place processes to ensure timely disclosure to the market of any changes in a director's interest.

1.2.2 The Chairperson

Since 26 November 2008, the Board decided to change the structure of the Board to ensure the independence of the Board is maintained.

It was decided that for the time being the minimum number of directors comprise the Board.

The Independent non-executive directors appointed the then Managing Director Mr Tony Noun as the Chairperson. In fact Mr Noun is an Executive Chairman. The principle recommendations 2.2 and 2.3 are not adopted by the Company at this stage. The reason being Mr Tony Noun has been the Managing Director and has knowledge with regard to operations of each division of the Group and hence is competent to drive the Company into the right direction. Consequently at this stage the Chair as well as the CEO position is held by the same person but the person is fully accountable to the other two directors who receive weekly reports on the Chairperson's activities.

In addition, Mr Denis Pidcock has been appointed as a lead independent director to ensure the independence of the Board is maintained.

1.2.3 Evaluation of the Performance of the Board

The Board is in the process of evaluating the performance of the Board in for the financial year ended 30 June 2010. A continuing education programme is in place under which the latest updates are provided to the directors at each meeting. The Chairperson and the Company Secretary also advise via email to the directors of any significant changes relevant to the performance of the duties of directors or of the Board as a whole.

1.3 Corporate Governance Policies

1.3.1 Code of Conduct and Ethics

All directors, executives, and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Group. Every employee has a nominated supervisor to whom they may refer any issues arising from their employment. The Board

reviews the Code of Conduct and Ethics regularly and processes are in place to promote and communicate these policies.

The Code of Conduct and Ethics established by the Board is:

- To establish and maintain appropriate legal and ethical standards in dealings with business associates, advisers and regulators, competitors, employees and any other stakeholders of Inventis;
- For any Director and Senior Executive to declare any conflict of interest when it arises and Directors must keep the board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. The Board has developed procedures to assist directors to disclose potential conflicts of interest and Directors' must withdraw themselves from any discussion pertaining to any matter in which a Director has a material personal interest. Details of director related entity transactions with the Company and the group are set out in the financial statements;
- To maintain appropriate core Company values and objectives;
- To fulfil responsibilities to shareholders by delivering shareholder value;
- To ensure the usefulness of financial information by maintaining appropriate accounting policies, practices and disclosure;
- To fulfil responsibilities to clients, customers and consumers by maintaining high standards of product quality, service standards, commitments to fair value, and safety of goods produced;
- To maintain employment practices such as occupational health and safety, employment opportunity, the community activities, sponsorships and donations;
- To maintain employees privacy by the appropriate use of privileged or confidential information;
- To avoid conflicts of interest;
- To prevent directors and senior executives from taking advantage of property, information or position for personal gain;
- To maintain confidentiality of corporate information;
- To ensure that the Company, directors and all employees are fair in their dealings;

- To ensure compliance with laws; and
- To establish a basis for reporting of unethical behaviour.

1.3.2 Share Trading Policy

Directors and senior executives may acquire or dispose of shares in the Company, but are prohibited from dealing in Company shares:

- Except between 3 and 21 days after either the release of the Company's half-year and annual results to the Australian Securities Exchange ('ASX'), the annual general meeting or any other major announcement; and
- Whilst in possession of price sensitive information not yet released to the market.

Directors and senior executives are required to:

- Raise the awareness of legal prohibitions including transactions with colleagues and external advisers;
- Provide details of intended trading in the Company's shares;
- Provide subsequent confirmation of the trade;
- Advise of any unusual circumstances where discretions may have been exercised in cases such as financial hardship; and
- Comply with insider trading provisions of the Corporations Act 2001.

If an order has been placed during the trade window and it has not been completely fulfilled, the Board has authority to approve the amount of unfulfilled order to remain in the market after the trading window for such time period as the Board thinks fit.

At each Board Meeting, the Chairperson advises the members present including the senior officers, with regard to the Share Trading Policy.

These requirements also apply to all senior officers of Inventis.

1.3.3 Environmental Policy

The Group is committed to achieving a high standard of environmental performance. Environmental performance is monitored by the Board and as part of this the Board:

- Sets and communicates the environmental objectives and targets of the Company;
- Monitors progress against these objectives and targets; and

- Implements environmental management plans in areas which may have a significant environmental impact.

Based on the results of enquiries made, the Board is not aware of any significant environmental issues for the period covered by this report.

1.4 Audit and Risk Management Committee

Since 26 November 2008, due to a small board, the Board has revoked the powers of its sub-committees and resolved that the Board as a whole will exercise the powers of Audit and Risk Management Committee.

The role of the Audit and Risk Management Committee is to provide advice and assistance to the Board to allow it to:

- Fulfil its audit, accounting and reporting obligations;
- Review the annual, half-year and other financial information distributed externally. This includes approving new accounting policies to ensure compliance with Australian Accounting Standards (AASB's), and assessing whether the financial information is adequate for shareholder needs;
- Assess corporate risk assessment processes;
- Assess whether non-audit services provided by the external auditor are consistent with maintaining the external auditor's independence. Each reporting period the external auditor provides an independence declaration in relation to the audit or review;
- Provide advice to the Board in respect of whether the provision of the non-audit services by the external auditor is compatible with the general standard of independence of auditors imposed by the Corporations Act 2001;
- Assess the adequacy of the internal control framework and the Company's code of ethical standards;
- Organise, review and report on any special reviews or investigations deemed necessary by the Board;
- Assess potential fraud situations and ensure prompt and appropriate rectification of any deficiencies or breakdowns identified in systems;
- Monitor the procedures to ensure compliance with the Corporations Act 2001 and the ASX Listing Rules and all other regulatory requirements;
- Address any matters outstanding with auditors, Australian Taxation Office, Australian Securities and Investments Commission, ASX and financial institutions; and
- Review the performance of the external auditors on an annual basis.

1.4.1 Oversight of the Risk Management System

The Board oversees the establishment, implementation, and annual review of the Company's Risk Management System. Management has established and implemented a Risk Management System for assessing, monitoring, and managing operational, financial reporting, and compliance risks for the Group. The Managing Director and the chief financial officer have declared, in writing to the board, that the financial reporting risk management and associated compliance and controls have been assessed and found to be operating efficiently and effectively. The operational and other risk management compliance and controls have also been assessed and found to be operating efficiently and effectively. All risk assessments covered the whole financial year and the period up to the signing of the annual financial report for all material operations in the Group, and material associates and joint ventures.

1.4.2 Risk Profile

The Audit and Risk Management Committee reports to the Board quarterly on the status of risks through integrated risk management programmes aimed at ensuring risks are identified, assessed, and appropriately managed. Each business operational unit is responsible and accountable for implementing and managing the standards required by the programmes.

Major risks arise from such matters as actions by competitors, government policy changes, the impact of exchange rate movements on the price of raw materials and sales, difficulties in sourcing raw materials, environment, occupational health and safety, property, financial reporting, and the purchase, development and use of information systems.

The Audit and Risk Management Committee has direct access to any employee, the external auditors or any other independent experts and advisers as it considers appropriate in order to ensure that its responsibilities can be carried out effectively.

1.4.3 Risk Management, Compliance and Control

The Group strives to ensure that its products are of the highest standard. Towards this aim it has undertaken a program to achieve AS/NZS ISO 9001:2008 accreditation for each of its business segments.

The Board is responsible for the overall internal control framework, but recognises that no cost-effective internal control system will preclude all errors and irregularities.

The Board's policy on internal control is comprehensive and comprises the Company's internal compliance and control systems, including:

- *Operating unit controls* – Operating units confirm compliance with financial controls and procedures including information systems controls detailed in procedures manuals;
- *Functional speciality reporting* – Key areas subject to regular reporting to the Board include Treasury Operations, Environmental, Legal and financial matters; and
- *Investment appraisal* – Guidelines for capital expenditure include annual budgets, detailed appraisal and review procedures, levels of authority, and due diligence requirements where businesses are being acquired or divested.

Comprehensive practices have been established to ensure:

- Capital expenditure and revenue commitments above a certain size obtain prior Board approval;
- Financial exposures are controlled, including the use of derivatives. Further details of the Company's policies relating to interest rate management, forward exchange rate management and credit risk management are included in the financial statements;
- Occupational health and safety standards and management systems are monitored and reviewed to achieve high standards of performance and compliance with regulations;
- Business transactions are properly authorised and executed, monthly actual results are reported against budgets approved by the directors and revised forecasts for the year are prepared regularly;
- Formal ethical standards appraisals are conducted for all employees to ensure that they are complying with the Company's Code of Ethics;
- A formal succession plan is also in place to ensure competent and knowledgeable employees fill senior positions when retirements or resignations occur;
- Financial reporting accuracy and compliance with the financial reporting regulatory framework; and
- Environmental regulation compliance.

1.5 Remuneration and Nomination Committee

On 26 November 2008, due to a small board, the Board revoked the powers of its sub-committees and resolved that the Board as a whole will exercise the powers of Remuneration and Nomination Committee.

The role of the Remuneration and Nominations Committee is to provide recommendations to the Board on matters including:

- Appropriate remuneration policies and monitoring their implementation with respect to executives, senior managers, non-executive Directors and other key employees;
- Incentive schemes designed to enhance corporate and individual performance;
- Retention strategies for executives and senior management;
- Composition of the Board and competencies of Board members;
- Appointment and evaluation of the executive Directors and senior executives;
- Succession planning for Board members and senior executives; and
- Processes for the evaluation of the performance of the Managing Director and Directors.

Currently, the selection process screening for appointment of new directors is done by a third party and the Committee based on the Report of the third party makes a recommendation to the Board.

1.5.1 Principles used to determine the Nature and Amount of Remuneration

The remuneration policy of the Group has been designed to align director and executive objectives with shareholders and business objectives by providing a fixed remuneration component and in many cases offering incentives based on key performance areas affecting the Group's financial results.

The Board believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the Group, as well as create goal congruence between directors, executives, and shareholders.

The Board's policy for determining the nature and amount of remuneration for Board members and senior executives of the Group is as follows:

A. Executive Directors and Senior Executives

The remuneration policy, setting terms and conditions for the Executive Directors and other senior executives, was developed by the Remuneration and Nominations Committee and approved by the Board. All executives receive a base salary (which is based on factors such as length of service and experience), superannuation and in certain instances fringe benefits, and performance incentives.

The Remuneration Committee reviews executive packages annually by reference to the Group's performance, executive performance, and comparable information from industry sectors and other listed

companies in similar industries. Executives are offered a competitive base salary that comprises the fixed component of remuneration and rewards. Reference to external remuneration reports provides analysis to ensure base salary is set to reflect the market for a comparable role.

The performance of executives is measured against criteria agreed annually with each executive and is based predominantly on the forecast growth of the Group's profits and shareholders' value. All bonuses and incentives must be linked to predetermined performance criteria. The Board may, however, exercise at its discretion in relation to approving incentives and bonuses and can recommend changes to the Committee's recommendations. Any changes must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

In some parts of the Group commissions are paid. The commission is based upon individual and team predetermined targets set by the general manager of the company concerned and are payable quarterly. Using a predetermined target ensures variable reward is only available when value has been created for Shareholders and when it is consistent with the business plan. The incentive pool is leveraged for performance above the threshold to provide an incentive for executives to out-perform.

B. Non - Executive Directors

The Board policy is to remunerate Non-executive Directors at market rates for comparable companies for time, commitment, and responsibilities. The Executive Directors determine remuneration of the Non-executive Directors and review it annually, based on market practice, duties, and accountability. Independent external advice is sought where required. Fees for Non-executive Directors are not linked to the performance of the Group. However, to align directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Group.

The current base remuneration for Non-Executive Directors was last reviewed with effect from 1st July, 2008.

C. Retirement Allowances

No retirement allowances exist for Directors. The executives and executive directors employed on a full time basis receive a superannuation guarantee contribution as required by the Federal Government,

which is currently 9%, but do not receive any other retirement benefits. Some individuals have however chosen to sacrifice part of their salary to increase payments towards superannuation.

1.6 Timely and continuous disclosure

1.6.1 Policies and Processes in place with regard to continuous disclosure

The Company has following processes in place to ensure continuous disclosure in a timely manner:

- Director Disclosure Agreements – The Company has entered into Director Disclosure Agreements as per the Guidance Note 26 of ASX Listing Rules. Each director understands that in case of change of any interest, he / she has to inform the Company within 3 business days of such change;
- Monthly Disclosure – At each monthly Board meeting, the directors are individually asked of any change in their interests to ensure that if there has been a breach of not informing the Company in time of any change, it is rectified at this stage;
- Continuous Disclosure Checklist – There is a continuous disclosure checklist process implemented in the Quality System of the Company under the Corporate Governance Procedure. This checklist is comprehensive and enables the executives to check whether any event or happening of any event is to be disclosed to the market or not at any particular moment of time.
- Training – A new measure of provision of training has been introduced to ensure that all executives know their responsibilities with regard to confidentiality, timely disclosure, insider trading, trading policy and other relevant corporate governance matters.

1.7 Shareholder Communication

The board provides shareholders with information using a comprehensive Continuous Disclosure Policy which includes identifying matters that may have a material effect on the price of the Company's securities, notifying them to the ASX, posting them on the Company's website, and issuing media releases.

In summary, the Continuous Disclosure Policy operates as follows:

- The Managing Director, the Chief Financial Officer and the Company Secretary are responsible for interpreting the Company's policy and where necessary informing the Board. The Company Secretary is responsible for all communications with the ASX;
- All matters that are of a nature as to reasonably expect that they would affect the price of the Company's shares are advised to the ASX on the day they are discovered,

and all senior executives must follow a 'Continuous Disclosure Discovery' process, which involves monitoring all areas of the Group's internal and external environment;

- The half-yearly report contains summarised financial information and a review of the operations of the Group during the period. The half-year reviewed financial report is lodged with the Australian Securities and Investments Commission and the ASX, and sent to any shareholder who requests it. The full Annual Financial Report is available to all shareholders should they request it;
- Proposed major changes in the Group which may impact on share ownership rights are submitted to a vote of shareholders;
- All announcements made to the market, and related information (including information provided to analysts or the media during briefings), are placed on the Company's website after they are released to the ASX;
- The full texts of notices of meetings and associated explanatory material are placed on the Company's website; and
- The external auditor attends the annual general meetings to answer questions concerning the conduct of the audit, the preparation and content of the auditor's report, accounting policies adopted by the Company and the independence of the auditor in relation to the conduct of the audit.

All of the above information, including that of the previous three years, is made available on the Company's website within one day of public release.

The Board encourages full participation of shareholders at the Annual General Meeting, to ensure a high level of accountability and identification with the Group's strategy and goals. Important issues are presented to the shareholders as separate resolutions.

The shareholders are requested to vote on the appointment and aggregate remuneration of directors, the granting of options and shares to directors, the Remuneration report, and changes to the Constitution. Copies of the Constitution are available to any shareholder who requests it.