

CORPORATE GOVERNANCE STATEMENT



I N V E S T I K A L T D

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INVESTIKA LTD

CORPORATE GOVERNANCE STATEMENT

1 INTRODUCTION

This statement outlines the main corporate governance practices of Investika Ltd (“the Company”) which are in place and which comply with the Australian Stock Exchange Corporate Governance Council recommendations, unless otherwise stated.

2 BOARD OF DIRECTORS

The Board of Directors is responsible for the corporate governance of the Company. It oversees the business and affairs of the Company, establishes the strategic and financial objectives to be implemented by management and monitors standards of performance.

The Board has established a framework for the management of the Company including internal controls, a business risk management process and the establishment of appropriate ethical standards.

The names of the Directors of the Company and the Company Secretary in office together with details of their experience and qualifications, are set out below:

Mr. John A. Landels, AC, (Chairman), Non-executive Director

Mr. Landels was Chairman and Chief Executive Officer of the Caltex Group of companies prior to his retirement from that organisation in 1992. He was appointed a Director and Chairman of the Board on 9 July 1996.

Mr. Chrisilios Kyriakou, LLB, Executive Director

Mr. Kyriakou has extensive business interests including commercial properties, share investments and rural property. He was appointed to the Board on 29 June 1979 and is Chief Executive Officer of the Company.

Mr. Jonathan R. Reynolds, B.Com (Hons), CA, F Fin, MAICD, Finance Director

Mr. Reynolds has been the Company’s Chief Financial Officer since 2001. Prior to that he held the position of Chief Financial Officer with a number of other listed entities and before that was a senior manager with an international firm of chartered accountants. He is a member of the Institute of Chartered Accountants in Australia and holds a Bachelor of Commerce (Honours) degree.

Chev. Sydney J.P. Borg, FAICD, Non-executive Director

Mr. Borg is the Principal of PCS Australia Pty Ltd, a systems integration company facilitating networks in the corporate and government areas; Chairman of Zylotech Ltd, which position he has held since 2003; President of the Australian Maltese Chamber of Commerce; and CEO of Mobile Entertainment Systems, a distribution company



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specialising in in-car entertainment systems. He was appointed to the Board on 1 July 1999.

Mr. Robert A. Cleary, Non-executive Director

Mr. Cleary was employed for 18 years by the North Ltd/Energy Resources Australia Ltd group prior to his retirement. His last position with that organisation was Managing Director of Energy Resources of Australia Ltd from which position he resigned on 29 January 2004. He was appointed to the Board on 16 March 2005.

Company Secretary

Mr John B. Maguire, Company Secretary, has held this position and been involved with the Company for the past 15 years.

The Board of Directors currently consists of two Executive Director and three Non-Executive Directors. The non-executive directors are all independent thus ensuring independence and objectivity. Responsibility for the operation and administration of the Company is delegated by the Board to the Executive Directors who are accountable to the Board. Each of the directors has a formal letter of appointment.

After consultation with the Chairman, each Director has the right to seek independent professional advice at the consolidated entity's expense.

The Constitution of the Company specifies the number of Directors shall be not less than three nor more than ten. The Board may at any time appoint a director to fill a casual vacancy and at each annual general meeting, one-third of directors together with any director appointed since the last annual general meeting retire from office and may stand for re-election.

The composition of the Board is reviewed regularly to ensure that the range of expertise and experience of Board members is appropriate for the activities and operations of the Company and the Board has formed a nomination committee comprised of three non-executive directors for this purpose. Where, through whatever cause, it is considered that the Board would benefit from the services of a new Director with particular skills, the Board would then appoint the most suitable candidate who must stand for re-election at a general meeting of shareholders.

The Constitution specifies that the aggregate remuneration of Directors, other than salaries paid to Executive Directors, shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is divided between those Directors as they agree.

3 REMUNERATION ARRANGEMENTS

Remuneration of senior management personnel is determined by a remuneration committee comprised of three non-executive directors, taking into account information



obtained via reputable industry remuneration surveys and / or independent consultant reports. This also includes responsibility for share option schemes, incentive performance packages, retirement and termination entitlements, fringe benefits policies and professional indemnity and liability insurance policies.

4 DIRECTOR DEALINGS IN COMPANY SHARES

Directors and senior management may acquire shares in the Company, but are prohibited from dealing in Company shares or exercising options whilst in the possession of price sensitive information that has not been made public. The Company has established a written code on share dealing.

5 AUDIT COMMITTEE

The Board has established an audit committee comprised of three non- executive directors to oversee the financial reporting process to ensure the balance, transparency and integrity of published financial information; review the effectiveness of the Company's internal financial control; ensure an independent audit process; recommend the appointment of the external auditor; assess the performance of the external auditor; and oversee the Company's compliance with acts and regulations in relation to financial reporting.

6 EXTERNAL AUDITORS

The Board monitors the performance of the external auditors. The current external auditors were appointed in 1990. The external audit engagement partner was last rotated in 2003.

The external auditors are provided with the opportunity, at their request, to meet with the Board of Directors without management being present.

7 CONFLICT OF INTEREST

In accordance with the Corporations Act 2001 and the Company's Constitution, Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. Details of director related entity transactions with the Company are set out in the Annual Report.

8 ETHICAL STANDARDS AND PERFORMANCE

The Company is not of sufficient size to warrant the preparation of a formal code of ethical business standards for the Company. The Board does, however, require of itself and its employees the highest ethical standards when carrying out their duties and when acting on behalf of the Company. In particular, any transactions with Directors of the



Company are formally approved by the Board. The Director concerned does not participate in discussion or approval of the transaction.

9 INTERNAL CONTROL FRAMEWORK

The Board acknowledges that it is responsible for the overall internal control framework but recognises that no cost effective internal control system will preclude all errors and irregularities. The system is based upon policies and guidelines and the careful selection and training of qualified personnel. The Board believes the current control framework to be suitable for the Company's current operations. There is no internal audit function as the cost would significantly outweigh the benefits given the size of the current operations.

10 THE ROLE OF SHAREHOLDERS

The Board of Directors aims to ensure the shareholders are informed of all major developments affecting the Company's state of affairs. Information is communicated to shareholders as follows:

- The annual report is distributed to all shareholders. The Board ensures that the annual report includes relevant information about the operations of the Company during the year, changes in the state of affairs of the Company and details of future developments, in addition to the other disclosures required by the Corporations Act 2001;
- The half-yearly report contains summarised financial information and a review of the operations of the Company during the period. Half-year financial statements prepared in accordance with the requirements of Accounting Standards in Australia and the Corporations Act 2001 are lodged with the Australian Securities and Investments Commission and the Australian Stock Exchange Ltd. The financial statements are sent to any shareholder who requests them.
- 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.

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the consolidated entity's strategy and goals.