

corporate governance statement

The Board of Directors of ipernica limited is responsible for establishing the corporate governance framework of the company and its related bodies corporate. In establishing this framework, the Board has considered the guidelines published by the ASX Corporate Governance Council (Council) as well as the Council's corporate governance principles and recommendations.

The table below summarises the Company's compliance with the Council's recommendations.

Recommendation	Comply Yes/No/ Partly	Reference
Principle 1 – Lay solid foundations for management and oversight		
1.1 Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions	Yes	Page 85
1.2 Companies should disclose the process for evaluating the performance of senior executives	Yes	Page 86
1.3 Companies should provide the information indicated in the guide to reporting on Principle 1	Yes	
Principle 2 – Structure the Board to add value		
2.1 A majority of the Board should be independent directors	Partly	Page 86
2.2 The chair should be an independent director	No	Page 86
2.3 The roles of chair and chief executive officer should not be exercised by the same individual	Yes	Page 86
2.4 The Board should establish a nomination committee	Yes	Page 87
2.5 Companies should disclose the process for evaluating the performance of the Board, its committees and individual directors	Partly	Page 88
2.6 Companies should provide the information indicated in the guide for reporting on Principle 2	Yes	
Principle 3 – Promote ethical and responsible decision making		
3.1 Companies should establish a code of conduct and disclose the code or a summary of the code as to: The practices necessary to maintain confidence in the company's integrity. The practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders. The responsibility and accountability of individuals for reporting and investigating reports of unethical practices	Partly	Website
3.2 Companies should establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy	Yes	Page 88
3.3 Companies should provide the information indicated in the guide to reporting on Principle 3.	Yes	
Principle 4 – Safeguard integrity in financial reporting		
4.1 The Board should establish an audit committee	Yes	Page 87
4.2 The audit committee should be structured so that it: Consists only of non-executive directors. Consists of a majority of independent directors. Is chaired by an independent chair, who is not chair of the board Has at least three members	Partly	Page 87
4.3 The audit committee should have a formal charter.	Yes	Page 87
4.4 Companies should provide the information indicated in the Guide to reporting on Principle 4	Yes	Website
Principle 5 – Make timely and balanced disclosure		
5.1 Companies should establish written policies designed to ensure compliance with ASX listing rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	Partly	Website
5.2 Companies should provide the information indicated in the guide to reporting on Principle 5.	Yes	
Principle 6 – Respect the rights of shareholders		
6.1 Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy	Yes	Page 88
6.2 Companies should provide the information indicated in the guide to reporting on Principle 6.	Yes	

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Recommendation	Comply Yes/No/Partly	Reference
Principle 7 – Recognise and manage risk		
7.1 Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies	Partly	Page 89
7.2 The Board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks	Yes	Page 89
7.3 The Board should disclose whether it has received assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Yes	Page 89
7.4 Companies should provide the information indicated in the guide to reporting on Principle 7.	Yes	
Principle 8 – Remunerate fairly and responsibly		
8.1 The Board should establish a remuneration committee.	Yes	Page 87
8.2 Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	Yes	Refer to remuneration report

The Board of directors of ipernica Ltd is responsible for the corporate governance of the consolidated entity. The Board guides and monitors the business affairs of ipernica Ltd on behalf of the shareholders by whom they are elected and to whom they are accountable.

The format of the Corporate Governance Statement is in accordance with the Australian Stock Exchange Corporate Governance Council's (**Council's**) "Principles of Good Corporate Governance and Best Practice Recommendations" (**Recommendations**). The Company has reviewed its corporate governance statement in the light of the "Second edition – Revised Corporate Governance Principles and Recommendations" published by the Australian Stock Exchange Limited in August 2007.

In accordance with the Recommendations, the Corporate Governance Statement must contain certain specific information and must disclose the extent to which the Company has followed the Recommendations during the period. As detailed in the Recommendations, nothing in the Principles or Recommendations precludes a company from following an alternative practice to that set out in a particular Recommendation, provided that fact is disclosed, together with reasons for the departure. ipernica's Corporate Governance Statement is structured with reference to the Recommendations, which are as follows:

Principle 1.	Lay solid foundations for management and oversight
Principle 2.	Structure the board to add value
Principle 3.	Promote ethical and responsible decision making
Principle 4.	Safeguard integrity in financial reporting
Principle 5.	Make timely and balanced disclosure
Principle 6.	Respect the rights of shareholders
Principle 7.	Recognise and manage risk
Principle 8.	Remunerate fairly and responsibly

ipernica's corporate governance practices were in place throughout the year ended 30 June 2009. With the exception of the departures as detailed below, the corporate governance practices of ipernica were compliant with the Recommendations.

For further information on corporate governance policies adopted by the Board, refer to the Corporate Governance section of the ipernica website at www.ipernica.com.

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Board responsibilities

ipernica has established the functions that are reserved to the Board. The Board acts on behalf of the shareholders and is therefore accountable to the shareholders. It also has other obligations of a regulatory or ethical nature. In addition, the Board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to appropriately manage those risks.

The Board's role is to govern the consolidated entity. Without limiting the generality of that stated role, the matters reserved specifically for the Board include:

- determining the vision and objectives of the Company;
- identifying all areas where written Board policy is required, determination of those policies, and overseeing the implementation and monitoring of compliance, including policy in relation to code of conduct, related party transactions, and trading in the Company's securities;
- formulating short term and long term strategies to enable the Company to achieve its objectives, and ensuring adequate resources are available to meet strategic objectives;
- monitoring senior executives' performance and implementation of strategy;
- approving the annual operating and capital budgets, and variations thereto, ensuring they are aligned with the Company's strategic objectives;
- authorising expenditure approval limits for the managing director, and authorising expenditure in excess of these discretionary limits;
- authorising the issue of securities and instruments of the Company;
- approving the Half Yearly and Annual Financial Reports, Annual Report, notice of general meeting, and profit and dividend announcements.

For a complete list of the functions reserved to the Board and a copy of the Board's charter, please refer to the Corporate Governance section of the ipernica website at www.ipernica.com.

The Board is responsible for ensuring that management objectives and activities are aligned with the expectations and risks identified by the Board. The Board has a number of mechanisms in place to ensure this is achieved. These mechanisms include the following:

- approval of a dynamic document referred to as the strategic plan, which encompasses the entity's vision, mission and strategy statements, designed to meet stakeholders' needs and manage business risk;
- ongoing review and development of the strategic plan to approve initiatives and strategies designed to ensure the continued growth and success of the entity;
- implementation of operating plans and budgets by management and Board monitoring of progress against budget for all significant business processes; and
- managing the organisation's financial risk which entails such matters as the entity's insurance arrangements, liquidity, currency, interest rate and credit policies and exposures and the monitoring of management's actions to ensure they are in line with Company policy.

While the Board retains full responsibility for guiding and monitoring the consolidated entity, in discharging its stewardship it makes use of sub-committees. Specialist committees are able to focus on a particular responsibility and provide informed feedback to the Board.

To achieve this objective, the Board has established the following committees:

- Audit & Risk Management Committee
- Remuneration Committee
- Nomination Committee

Refer to the Corporate Governance section of the ipernica website at www.ipernica.com for further details of the roles and responsibilities of these committees.

Responsibilities of senior executives

The responsibility for the operation and administration of the consolidated entity, in accordance with the direction of the Board, is delegated by the Board to the managing director and the executive team. The Board ensures that this team is appropriately qualified and experienced to carry out their responsibilities and has in place procedures to assess the performance of the managing director and the executive team. In delegating this power, the Board must also be satisfied that the managing director and senior executives will exercise their powers reliably and competently, and in accordance with the requirements of the Board.

The matters and functions delegated from the Board to senior executives include:

- formulating with the Board, the vision, strategies, business plans and budgets of the Company and, to the extent approved by the Board, implementing these plans, budgets and strategies;
- operating the Company's businesses within the parameters and having regard to the policies set by the Board from time to time, and keeping the Board informed of material developments in relation to those businesses;
- identifying material business risks, formulating strategies in conjunction with the Board or the Audit and Risk Committee to manage the risks, and monitoring effectiveness of the management process and reporting to the Board and Audit and Risk Committee;
- implementing and monitoring compliance with the policies, processes and codes of conduct approved by the Board; and
- providing strong leadership to, and effective management of, the Company.

For a complete list of the functions delegated to the managing director and the executive team, please refer to the Corporate Governance section of the ipernica website at www.ipernica.com.

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Evaluation of senior executives

An evaluation of senior executives took place in the financial year and was in accordance with the process outlined in the Directors' Report on page 24 and in ipernica's Corporate Governance Policy. This remuneration structure ensures that annual Company performance is clearly reflected in senior executives' reward outcomes.

The Managing Director's fixed reward is reviewed annually in conjunction with the annual salary review process. The review involves having due regard to market relativity for similar-sized roles. The Board must review any adjustments to the Managing Director's fixed reward.

Structure of the Board

To ensure the Board is well equipped to discharge its responsibilities it has established guidelines for the nomination and selection of directors and for the operation of the Board.

The composition of the Board is determined in accordance with the following principles and guidelines:

- the board should comprise at least four directors of whom at least two should be non-executive directors;
- the chairperson should be a non-executive director;
- the board should comprise of directors with an appropriate range of qualifications and expertise; and
- the board should meet at least six times per annum and ensure all directors are made aware of, and have available, all necessary information to participate in an informed discussion of all agenda items.

The directors in office and the term of their appointment at the date of this statement are:

Name	Position	Date of Appointment
R Norgard	Chairman, Non-Executive Director	01/01/1999
G Griffiths	Managing Director	12/06/2000
C Crisafulli	Non-Executive Director	29/10/2000
M O'Kane	Non-Executive Director	26/04/2004
KC Agerup	Non-Executive Director	30/03/2009

The skills, experience and expertise relevant to the position of director held by each director at the date of the annual report are included in the Directors' Report on pages 20 to 22. 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.

Recommendation 2.1 requires a majority of the Board to be independent directors. Prior to the appointment of Mr Karl-Christian Agerup on 30 March 2009, the majority of the Board was not independent. The Council defines independence as being free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of unfettered and independent judgement. In accordance with this definition, the following directors are not considered to be independent:

Name	Position
R Norgard	Chairperson, Non-Executive Director
G Griffiths	Managing Director

The Chairperson, Mr Ross Norgard, is not considered to be independent using the Council's definition of independence as he is a substantial shareholder of ipernica. Mr Graham Griffiths is also not considered independent as he is the Managing Director of the Company. Therefore, until 30 March 2009, the Company had only two independent directors (Mr Crisafulli and Dr M O'Kane) out of the four and the majority of the Board was not independent. Since 30 March 2009, the majority of the Board is independent as three directors (Mr Crisafulli, Dr M O'Kane and Mr Agerup) can be considered as being free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of unfettered and independent judgement. Although the Company was non-compliant for part of the financial year, the Company is satisfied, given the size of its operation, that its Board was appropriately composed and balanced allowing for the effective corporate governance of the Company. Attention and time was devoted to finding an appropriately suitable and qualified candidate to join the Board resulting in the appointment of Mr Agerup in March 2009.

The Company recognises Recommendation 2.2 which requires the chairperson of the Company to be independent. The Chairperson, Mr Ross Norgard, is a substantial shareholder of ipernica and is not considered independent. However, he has been appointed to this position as he has considerable experience as a public company Chairman and is the most appropriately qualified person for this position. The Board believes that he is able to and does bring impartial judgment to all relevant issues falling within the scope of the role of Chairperson.

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Nomination committee

The Board has established a Nomination Committee, which meets at least annually, to ensure that the Board continues to operate within the established guidelines, including when necessary, selecting candidates for the position of director. For further details regarding the procedure for the nomination, selection and appointment of new directors and re-election of incumbents, as well as a copy of the Nomination Committee's charter, please refer to the Corporate Governance section of the ipernica website at www.ipernica.com.

All members of the Nomination Committee are non-executive directors.

For details of directors on the committee and attendance at meetings of the Nomination Committee, refer to page 23 of the Directors' Report.

Remuneration committee

The Board is responsible for determining and reviewing compensation arrangements for the directors and senior executives. The Company has established a remuneration sub-committee. All members of the Remuneration Committee are non-executive directors.

For details of directors on the committee and attendance at meetings of the Remuneration Committee, refer to page 23 of the Directors' Report.

For further details on the remuneration policy of ipernica, including a description of the structure of non-executive directors' remuneration and executive directors' and senior executives' remuneration, see pages 24 to 25 of the Directors' Report. The only long term incentive that the Company offers to directors and employees are options over the ordinary shares of ipernica ltd. The options, which are usually issued for nil consideration at an exercise price calculated with reference to prevailing market prices, are issued in accordance with performance guidelines established by the directors of ipernica ltd. The options only vest under certain conditions, principally centred around the employee still being employed at the time of vesting. The options cannot be transferred without the approval of the ipernica Board and are not quoted on the ASX. As a result plan participants may not enter into any transaction designed to remove the "at risk" aspect of an option before it is exercised.

There is no scheme to provide retirement benefits (other than superannuation) for non-executive directors.

For additional details regarding the Remuneration Committee, including a copy of its charter, please refer to the Corporate Governance section of the ipernica website at www.ipernica.com.

Audit & risk management committee

The Board has established an audit committee (**Audit & Risk Management Committee**) which operates under a charter approved by the Board. It is the Board's responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes such as the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information as well as non-financial considerations including the benchmarking of operational key performance indicators. The Board has delegated the responsibility for the establishment and maintenance of a framework of internal control and ethical standards for the management of the consolidated entity to the Audit & Risk Management Committee. The Audit & Risk Management Committee provides the Board with additional assurance regarding the reliability of financial information for inclusion in the financial reports. The Committee is also responsible for the nomination of the external auditor and reviewing the adequacy of the scope and quality of the annual statutory audit and half year statutory audit or review.

For further details regarding the procedures for selection, appointment and rotation of external audit partners, as well as a copy of the Audit & Risk Committee's charter, please refer to the Corporate Governance section of the ipernica website at www.ipernica.com.

All members of the Audit & Risk Management Committee are non-executive directors and it is chaired by an independent director.

Recommendation 4.2 requires, among other things, that any audit committee consist of at least three members. Until 24 September 2008, the Company's audit committee consisted of only two independent directors. On 24 September 2008, Mr Ross Norgard was appointed to the audit & risk management committee and on 7 May 2009, Mr Karl-Christian Agerup was also appointed to the committee. The Audit & Risk Management Committee now comprises of Mr Conrad Crisafulli (Chairperson, independent director), Dr Mary O'Kane (independent director), Mr Ross Norgard (non-independent director) and Mr Karl-Christian Agerup (independent director). Although the Company was non-compliant for part of the financial year, the Company is satisfied, given the size of its operation, that the Audit & Risk Management Committee was appropriately composed and balanced allowing for the effective corporate governance of the Company.

For details of directors on the committee and attendance at meetings of the Audit & Risk Management Committee, refer to page 23 of the Directors' Report.

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Monitoring of performance

In order to ensure that the Board continues to discharge its responsibilities in an appropriate manner, the performance of all directors is reviewed annually. Prior to the adoption of the Company's formal Corporate Governance policy, available on the ipernica website at www.ipernica.com, all evaluations of the Board, its committees and individual directors took place informally. The Chairman assessed all directors against both measurable and qualitative indicators.

Since the adoption of the Company's Corporate Governance policy, the Company has formally disclosed that the composition of the Board is reviewed annually by the Nominations Committee to ensure that the non-executive directors between them bring the range of skills, knowledge and experience necessary to direct the Company in the future, taking into account its current operations and expectations for changes in the nature and scope of its activities. The Managing Director's performance objectives are equivalent to the Company's performance objectives and are set by the Board based on qualitative and quantitative measures. The Managing Director's performance against these objectives is reviewed annually by the Board and is reflected in the Managing Director's remuneration review.

At all times, Directors whose performance is found to be unsatisfactory may be asked to retire.

Recommendation 2.5 requires that companies disclose the process for evaluating the performance of the board, its committees and individual directors. Prior to the adoption of the Company's Corporate Governance Policy on 31 October 2008, the processes of the Company in this regard, while occurring informally, had not formally been disclosed. At the time, the Company felt that having regard to the size of the Company, it was not necessary to develop a separate formal document prior to the adoption of the Company's Corporate Governance Policy.

An evaluation of the Board, its committees and directors took place in the reporting period and was carried out in accordance with the process disclosed in this document and the Company's Corporate Governance Policy.

Communication to shareholders

Pursuant to Recommendation 6, the Board aims to ensure that the shareholders, are provided with full and timely information about ipernica's activities. To promote effective communication with shareholders, the Company has designed a Shareholders Communication policy. Information is communicated to the shareholders through:

- the annual report which is distributed to all shareholders;
- announcements made through the ASX companies announcements platform;
- the Company's website (<http://www.ipernica.com>) which has a dedicated Investor Relations section for the purpose of publishing all important company information and relevant announcements made to the market; and
- the annual general meeting and any other meetings called to obtain approval for Board action as appropriate.

In addition, shareholders are encouraged to make their views known or to seek clarification on information available in the public arena by contacting the Company or attending the annual general meeting. The external auditors also attend, and are available to answer queries at the company's annual general meetings.

For further information regarding the Company's Shareholder Communication Policy please refer to the Corporate Governance section of the ipernica website at www.ipernica.com.

Share trading

The Constitution of the Company permits directors and officers to acquire shares in the Company.

In accordance with the provisions of the Corporations Act and the listing Rules of the ASX, directors must advise the Company and the ASX of any transactions they conducted in securities of the Company.

The Company has established a policy concerning trading in the entity's securities by directors, senior executives and employees. The Securities Dealing policy prohibits the buying or selling of Company securities at any time by any director, officer, executive, contractor, consultant or employee ("insiders") who possesses price-sensitive information about the company that is not available to investors and the stock market generally.

Individuals who hold price-sensitive information not generally available to investors and the stock market:

- must not trade in any securities of the Company;
- must not engage any other person or entity to trade in the Company's securities;
- must not allow the price sensitive information to be disclosed to another person who may use the information for improper trading purposes; and
- must not communicate inside information to any other individual who works within the ipernica Group except on a "need to know" basis.

Individuals who liaise with stock brokers, industry analysts or business journalists and the like regarding the business activities of ipernica, must not disclose to such third parties any inside information about ipernica, or confirm any analysis, the confirmation of which would constitute price-sensitive and non-public information. For further information on the Company's Share Trading Policy please refer to the Corporate Governance section of the ipernica website at www.ipernica.com.

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Integrity of financial reporting and risk management policies

The Board has primary responsibility to ensure that the Company presents and publishes accounts which present a true and fair view of its results and financial position and that the accounting methods adopted are appropriate to the Company and consistently applied in accordance with relevant accounting standards and the applicable laws.

Under section 259A of the *Corporations Act*, the Managing Director and the Chief Financial Officer are each required to provide a written statement that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results and that they are in accordance with the relevant accounting standards. In addition the Managing Director and Chief Financial Officer must also confirm that this statement is founded on a sound system of risk management and internal compliance which implements the policies adopted by the board and that the company's risk management and internal compliance and control system is operating effectively in all material respects. The Board confirms that it has received written statements to this effect from the Managing Director and the Chief Financial Officer.

ipernica is committed to the management of risks throughout its operations to protect all of its stakeholders. Risk management is carried out through the various committees, processes and procedures mentioned above.

The Board has delegated to the Audit & Risk Management Committee the primary responsibility for ensuring that risks are identified and monitored. The Audit & Risk Management Committee has in turn required management to design and implement a risk management and control system to manage the Company's material business risks. The Company's Risk Management Policy deals with the management and oversight of material business risks and provides the guiding principle for management in the identification of risks across the organisation as a whole, and within individual business units.

The annual business planning process includes careful consideration of the internal and external risk profile of the Company. Senior executives report regularly to the Board in relation to the effectiveness of the management of material business risks. This process will allow senior management to minimise the potential impact of business risks in achieving objectives to create and protect shareholder value. The Board confirms that it has received a report from management affirming that the Company's management of material business risks is effective.

The Risk Management Policy provides a framework for systematically understanding and identifying the types of business risks threatening ipernica as a whole or specific business activities within the Company and includes risk mitigation strategies.

The categories of risk covered in the Risk Management Policy include but are not limited to:

- Operational risk;
- Environmental risk;
- Sustainability risk;
- Compliance risk;
- Strategic risk;
- Ethical conduct risk;
- Reputation or brand risk;
- Technological risk;
- Product or service quality risk;
- Human capital risk;
- Financial reporting risk; and
- Market related risk.

The Board acknowledges Recommendation 7.1 which requires companies to establish policies for the oversight and management of material business risks and disclose a summary of those policies. While the Board, the company secretary and all relevant employees were aware of their responsibilities in regards to risk management, a summary of the Company's Risk Management Policy was not formally disclosed to the public until the adoption and publication of the Corporate Governance Policy on 31 October 2008. Although the Company was non-compliant for part of this financial year, the Company is satisfied that, having regard to the size of its operation, there was effective corporate governance of the Company in the interim period whilst attention and time was devoted to drafting and finalising an appropriate Code of Conduct.

For a summary of the Company's Risk Management Policy, please refer to the Corporate Governance section of the ipernica website at www.ipernica.com.

Director and executive code of conduct, continuous disclosure policy and company code of conduct

Recommendation 3.1 requires the Company to establish a Code of Conduct to guide directors and executives as to policies to maintain the integrity of the Company, take into account their legal obligations and the reasonable expectations of shareholders and to report and investigate unethical practices. While directors, the company secretary and all relevant employees were aware of their responsibilities in regard to the above matters no such code had been formally established, adopted and disclosed until 31 October 2008. Although the Company was non-compliant for part of the financial year, the Board is satisfied, given the size of its operation, that there was effective corporate governance of the Company in the interim period whilst attention and time was devoted to drafting and finalising an appropriate Code of Conduct.

Recommendation 5.1 requires the Company to establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance. Until 31 October 2008, on which date the Company formally established and disclosed a detailed Corporate Governance Policy, no policies and procedures had been disclosed to the public. During this period of non-compliance, directors and employees remained aware of their responsibilities in a more informal manner and the Board is satisfied, given the size of its operation, that there was effective corporate governance of the Company in the interim period.

The Company's Code of Conduct and Continuous Disclosure Policy are contained within its Corporate Governance Policy which can be found in the Corporate Governance section of the ipernica website at www.ipernica.com.