

Broad Investments Limited

ABN 91 087 813 090

and Controlled Entities

Corporate Governance Statement

2011

CORPORATE GOVERNANCE STATEMENT

Unless disclosed below, all the recommendations of the ASX Corporate Governance Council (including 2010 amendments) have been applied for the entire financial year ended to June 2011.

Principle 1. Lay solid foundations for management and oversight

The Company has generally adopted the recommendations taking into account the size of the Company, its operations and the practical aspects of the adoption of the recommendations.

Principle 2. Structure the board to add value

The Company complies with this recommendation. All non-executive directors are independent and no directors, including the executive chairman, are substantial shareholders or are associated with anyone who is and their skills are considered appropriate for a company the size of Broad Investments.

Principle 3. Promote ethical and responsible decision making

The Company complies with this recommendation.

Principle 4. Safeguard integrity in financial reporting

Whilst the Company does not need to comply with this recommendation as it does not fall within the ASX All Ordinaries Index (Top 500) it nevertheless does have an audit committee which comprises of one independent non-executive director, Mr. Johannes Scholtz (Chairman of Committee), and one executive director Mr. Vaz Hovanessian. Mr. Scholtz has accounting qualifications and was a chartered accountant in South Africa. He has considerable experience in financial reporting and has held senior accounting and management positions both in Australia and overseas. Mr. Vaz Hovanessian has accounting qualifications and considerable financial and accounting experience and knowledge and is a CPA. The Company has only three directors, two of whom are independent. Whilst the audit committee comprises of two directors only, rather than three independent directors, the Company's accountant, Mr John Nedbalek, occasionally joins audit committee meetings to provide details and as an independent voice. Given the size and the level of transactions within the Company, and the fact that no audit committee is necessarily recommended, the structure of the audit committee is considered adequate by the Board.

Principle 5. Make timely and balanced disclosure

The Company complies with this recommendation.

Principle 6. Respect the rights of shareholders

The Company complies with this recommendation.

Principle 7. Recognise and manage risk

The Company complies with this recommendation

Principle 8. Remunerate fairly and responsibly

The Company complies with this recommendation.

**BROAD INVESTMENTS LIMITED
& CONTROLLED ENTITIES**

CORPORATE GOVERNANCE STATEMENT (cont.)

The Company's Corporate Governance Policies and Procedures were implemented by the Board on 1st June 2004 and reviewed each year and are largely consistent with the Council's best practice recommendations. Where the Company's corporate governance practices do not correlate with the practices recommended by the Council, the Company does not consider that the practices are appropriate for the Company due to the scale and nature of the Company's operations.

BOARD OF DIRECTORS

(i) Role of the Board

The Board's current role is to collectively govern and manage the Company. The directors must act in the best interests of the Company as a whole. It is the role of the Board to govern and manage the Company in accordance with the stated objectives of the Company.

In carrying out its governance role, the main task of the Board is to drive the performance of the Company. The Board must also ensure that the Company complies with all of its contractual, statutory and any other legal obligations, including the requirements of any regulatory body. The Board has the final responsibility of the successful operations of the Company.

To assist the Board carry out its functions, it has developed a code of conduct to guide the directors in the performance of their roles.

(ii) Composition of the Board

To add value to the Company, the Board has been formed so that it has effective composition, size and commitment to adequately discharge its responsibilities and duties. The names of the directors and their qualifications and experience are stated in the Directors' Report. Directors are appointed based on their experience and on the independence of their decision-making and judgment.

The Company's Constitution provides for the appointment of a minimum number of directors as three and up to a maximum of nine. Currently the Company has three directors comprising one executive director and two non-executive directors. The Constitution does not require a shareholding qualification for directors.

The Company recognises the importance of non-executive directors and the external perspective and advice that non-executive directors can offer. Messrs Neil Gibson and Johannes Scholtz are the non-executive directors. All non-executive Directors meet all of the set criteria to qualify as independent directors.

CORPORATE GOVERNANCE STATEMENT (cont.)

(ii) Composition of the Board (cont.)

An Independent Director:

- is a Non-Executive Director and;
- is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- within the last three years has not been employed in an executive capacity by the Company or another group member, or been a Director after ceasing to hold any such employment;
- within the last three years has not been a principal of a material professional adviser or a material consultant to the Company or another group member, or an employee materially associated with the service provided;
- is not a material supplier or customer of the Company or another group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- has no material contractual relationship with the Company or other group member other than as a Director of the Company;
- has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company; and
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

All Board members, when appointed, must provide a letter of Consent to Act, wherein their details are provided including any other current Directorships, and any held during the last three years, and if any conflicts or related party issues exist. Also, Directors are given a letter that sets out what is expected of them, and the restrictions and timely reporting on share dealings they have to strictly observe in accordance with the ASX Listing Rules.

Mr. Vaz Hovanesian is the Executive Chairman and also holds the position of Company Secretary. Mr. Hovanesian is responsible for the overall administration and management of the Company, and therefore does not meet the Company's criteria for independence. However, his contribution and experience is such that it is appropriate for him to retain his position. Furthermore, given the size of the Company and the financial capacity of the Company it is considered that the appointment of a Chief Executive Officer is not necessary whilst the operations remain modest, and whilst this is a departure from the recommendations, the Board considers it appropriate as long as there are at least a majority of independent directors on the Board. Therefore Vaz Hovanesian is effectively operating as Chief Executive Officer.

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CORPORATE GOVERNANCE STATEMENT (cont.)

(iii) Responsibilities of the Board

In general, the Board is responsible for, and has the authority to determine all matters relating to the policies, practices, management and operations of the Company. It is required to do all things that may be necessary to be done in order to carry out the objectives of the Company.

Without intending to limit this general role of the Board, the principal functions and responsibilities of the Board include the following:

- Leadership of the Organisation: overseeing the Company and establishing codes that reflect the values of the Company and guide the conduct of the Board, management and employees.
- Strategy Formulation: working to set and review the overall strategy and goals for the Company and ensuring that there are policies in place to govern the operation of the company.
- Overseeing Planning Activities: overseeing the development of the Company's strategic plan and approving that plan as well as the annual and long-term budgets.
- Shareholder Liaison: ensuring effective communications with shareholders through an appropriate communications policy and promoting participation at general meetings of the Company.
- Monitoring, Compliance and Risk Management: overseeing the Company's risk management, compliance, control and accountability systems and monitoring and directing the financial and operational performance of the company.
- Company Finances: approving expenses and approving and monitoring acquisitions, divestitures and financial and other reporting.
- Human Resources: appointing, and, where appropriate, removing the Chief Executive Officer (CEO), if one is appointed and Chief Financial Officer as well as reviewing the performance of the CEO and monitoring the performance of senior management in their implementation of the Company's Strategy.
- Ensuring the Health, Safety and Well-Being of Employees: in conjunction with the senior management team, developing, overseeing and reviewing the effectiveness of the Company's occupational health and safety systems to ensure the well-being of all employees.
- Delegation of Authority: where appropriate, delegating appropriate powers to the Company's executives to ensure the effective day-to-day management of the Company and establishing and determining the powers and functions of any Committees of the Board.

BOARD POLICIES

(i) Conflicts of Interest

Directors must disclose to the Board actual or potential conflicts of interest that may or might reasonably be thought to exist between the interests of the Director and the interests of any other parties in carrying out the activities of the Company and if requested by the Board, within seven days or such further period as may be permitted, take such necessary and reasonable steps to remove any conflict of interest.

CORPORATE GOVERNANCE STATEMENT (cont.)

(i) Conflicts of Interest (cont.)

If a Director cannot or is unwilling to remove a conflict of interest then the Director must, as per the Corporations Act, absent himself or herself from the room when discussion and/or voting occurs on matters about which the conflict relates.

(ii) Commitments

Each member of the Board is committed to spending sufficient time to enable them to carry out their duties as a Director the Company

(iii) Confidentiality

In accordance with legal requirements and agreed ethical standards, Directors of the Company have agreed to keep confidential, information received in the course of the exercise of their duties and will not disclose non-public information except where disclosure is authorised or legally mandated.

(iv) Continued Disclosure

The Board has designated the Company Secretary as the person responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX. In accordance with the ASX Listing Rules, the Company immediately notifies the ASX of information:

- concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities; and
- that would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's securities.

Upon confirmation of receipt from the ASX, the Company is able to publish the information in accordance with this policy.

(v) Education and Induction

Since the adoption of the Council's recommendations the Board has agreed that new Directors will undergo an induction process in which they are given a full briefing on the Company. Information that will be conveyed to new Directors includes:

- details of the roles and responsibilities of a Director with an outline of the qualities required to be successful Director;
- formal policies on Director appointment as well as conduct and contribution expectations;
- details of all relevant legal requirements;
- a copy of the Board Charter;
- guidelines on how the Board processes function;
- details of past, recent and likely future developments relating to the Board including anticipated regulatory changes;
- background information on and contact information for key people in the organisation including an outline of their roles and capabilities;
- an analysis of the Company;
- a synopsis of the current strategic direction of the Company including a copy of the current strategic plan and annual budget; and
- a copy of the Constitution of the Company.

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CORPORATE GOVERNANCE STATEMENT (cont.)

(vi) Independent Professional Advice

The Board collectively and each Director has the right to seek independent professional advice at the Company's expense, up to specified limits, to assist them to carry out their responsibilities.

(vii) Related Party Transactions

Related party transactions include any financial transaction between a Director and the Company and will be reported in writing to each Board meeting. Unless there is an exemption under the Corporations Act from the requirement to obtain shareholder approval for the related party transaction, the Board cannot approve the transaction.

(viii) Shareholder Communication

The Company respects the rights of its shareholders and to facilitate the effective exercise of those rights, the Company is committed to:

- communicating effectively with shareholders through releases to the market via ASX, information mailed to shareholders and the general meetings of the Company;
- giving shareholders ready access to balanced and understandable information about the Company and corporate proposals;
- making it easy for shareholders to participate in general meetings of the Company; and
- requesting the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

The Company also makes available a telephone number for shareholders to make enquiries of the Company.

(ix) Performance Review / Evaluation

The Board intends to conduct an evaluation of its performance annually where appropriate or necessary given the size of the company. There was no evaluation conducted during the financial year.

(x) Trading in Company Shares

The Company has a Share Trading Policy under which Directors are required to discuss their intention to trade in the Company's securities with the Chairman prior to trading. Consideration will be given in these discussions to any special circumstances (e.g. financial hardship).

Directors must not trade in the shares of any other entity if inside information on such entity comes to the attention of the Director by virtue of holding office as a director of the Company.

**BROAD INVESTMENTS LIMITED
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CORPORATE GOVERNANCE STATEMENT (cont.)

(x) Trading in Company Shares (Cont.)

The following guidelines are to be observed by Directors and employees of the Company:

- Securities may be purchased or sold during the two week period immediately following the release of the Company's half-yearly and final results ("results announcement") (subject to observing the additional approval requirements set out below).
- Securities should not be purchased or sold during the two week period preceding any results announcements.
- Securities should not be purchased or sold preceding any material ASX announcement by the Company, if the employee is aware that it is likely that such announcement will be made.
- Securities should generally not be purchased or sold for the purpose of short-term speculation.
- Securities may be purchased or sold at other times (subject to additional disclosure requirements established by the Board).

In addition, consistent with the law, designated officers are prohibited from trading in the Company's securities while in the possession of unpublished price sensitive information concerning the Company. Unpublished price sensitive information is information regarding the Company of which the market is not aware and that a reasonable person would expect to have a material effect on the price or value of the Company's securities.

Notice of an intention to trade must be given prior to trading in the Company's securities as well as a confirmation that the person is not in possession of any unpublished price sensitive information. The completion of any such trade by a Director must also be notified to the Company Secretary who in turn advises the ASX.

(xi) Attestations by CEO

In accordance with the Board's policy, the CEO, if one is appointed, is required to make the attestations recommended by the ASX Corporate Governance Council as to the Parent Company's and the respective subsidiaries' financial condition prior to the Board signing the Annual report. In the absence of a CEO, the Executive Chairman will provide such an attestation.

BOARD COMMITTEES

(i) Audit & Compliance Committee

The Board has established an Audit and Compliance Committee although given the size of the Company it is not mandatory for it to do so. The Committee 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 Company to deal with the effectiveness and efficiency of business processes, the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information. The Board has delegated the responsibility for the establishment and maintenance of the internal control framework and ethical standards to the Audit and Compliance Committee.

**BROAD INVESTMENTS LIMITED
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CORPORATE GOVERNANCE STATEMENT (cont.)

(i) Audit & Compliance Committee (Cont.)

The Audit and Compliance Committee's responsibilities include the following:

- oversee and appraise the independence, quality and extent of the total audit effort;
- perform an independent overview of the financial information prepared by Company management for shareholders and prospective shareholders;
- evaluate the adequacy and effectiveness of the Company's and the Group's risk management and financial control, and other internal control systems and evaluate the operation thereof;
- review and endorse the annual and half year attestation statements in accordance with regulatory requirements.
- The appointment of external auditors
- Review and implement risk management and internal control structures appropriate to the needs of the Company;
- Monitor compliance issues, applicable laws and regulations, particularly compliance with the Australian Securities Exchange Listing Rules;
- Review all public releases to the ASX of material consequence, prior to release to the market; and
- Review of Corporate Governance Practices.

The current members of the audit and Compliance Committee are Messrs Vaz Hovanessian and Mr. Johannes Scholtz (Chairman). There were two meetings held during the financial year.

The qualifications of audit and compliance committee members are as follows:

- Mr. Hovanessian has accounting and finance qualifications and has significant experience in the management and administration of companies and knowledge in finance and accounting. He has served on other audit committees.
- Mr. Scholtz is Chairman of the Audit and Compliance Committee. He has a Bachelor of Commerce degree and was a chartered accountant in South Africa before immigrating to Australia. He has had senior financial roles and has extensive knowledge and experience in corporate finance.

(ii) Remuneration Committee

The Directors have decided not to appoint a Remuneration Committee due to the scale and nature of the Company's activities. However, the Board actively researches appropriate remuneration for senior employees in particular and a decision is generally made by all Board members at a meeting.

It is the Company's objective to provide maximum stakeholder benefit from the retention of high quality board by remunerating directors fairly and appropriately with reference to relevant market conditions. To assess in achieving this objective, the Board attempts to link the nature and amount of directors' emoluments to the Company's performance.

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CORPORATE GOVERNANCE STATEMENT (cont.)

(ii) Remuneration Committee (cont.)

The outcome of the remuneration structure is:

- the retention and motivation of key executives;
- attraction of quality personnel with appropriate expertise; and
- performance incentives that allow executives to share the rewards of the success of the Company.

For details of the amount of remuneration and all monetary and non-monetary components for each of the directors during the financial year, refer to the Directors' Report. There is no scheme to provide retirement benefits, other than statutory superannuation for Directors who are paid a salary. For further information in relation to the remuneration of Directors, refer to the Directors' Report.

(iii) Nomination Committee

The Directors have decided not to appoint a Nomination Committee due to the scale and nature of the Company's activities. Subject to the provision of the Company's Constitution, the issues of board composition and selection criteria for directors are dealt with by the full board. The board continues to have the mix of skills and experience necessary for the conduct of the Company's activities.

The Constitution provides for events whereby directors may be removed from the board. Similarly shareholders have the ability to nominate, appoint and remove directors. In addition, the Constitution provides for the regular rotation of directors which ensures that directors seek re-election by shareholder at least once every three years. Given these existing regulatory requirements, directors are not appointed for a specified term and directors' continuity of service is in the hands of shareholders.

COMPANY CODE OF CONDUCT

As part of its commitment to recognising the legitimate interests of stakeholders, the Company has established a Code of Conduct to guide compliance with legal and other obligations to stakeholders. These stakeholders include employees, clients, customers, government authorities, creditors and the community as a whole. This Code includes the following:

(i) Responsibilities to Shareholders and the Financial Community Generally

The Company complies with the spirit as well as the letter of all laws and regulations that govern shareholders' rights. The Company has processes in place designed to ensure the truthful and factual presentation of the Company's financial position and prepares and maintains its accounts fairly and accurately in accordance with the generally accepted accounting and financial reporting standards.

(ii) Responsibilities to Clients, Customers and Consumers

Each employee has an obligation to use their best efforts to deal in a fair and responsible manner with each of the Company's clients, customers and consumers. The Company for its part is committed to providing clients, customers and consumers with fair value.

CORPORATE GOVERNANCE STATEMENT (cont.)

(iii) Employment Practices

The Company endeavours to provide a safe workplace in which there is equal opportunity for all employees at all levels of the Company. The Company does not tolerate the offering or acceptance of bribes or the misuse of Company assets or resources.

(iv) Obligations Relative to Fair Trading and Dealing

The Company aims to conduct its business fairly and to compete ethically and in accordance with relevant competition laws. The Company strives to deal fairly with the Company's customers, suppliers, competitors and other employees and encourages its employees to strive to do the same.

(v) Responsibilities to the Community

The Company is committed to conducting its business in accordance with applicable environmental laws and regulations and encourages all employees to have regard for the environment when carrying out their jobs.

(vi) Responsibility to the Individual

The Company is committed to keeping private information collected during the course of its activities, confidential and protected from uses other than those for which it was provided.

(vii) Conflicts of Interest

Employees and Directors must avoid conflicts as well as the appearance of conflicts between personal interests and the interests of the Company.

(viii) How the Company Complies with Legislation affecting its Operations

Within Australia, the Company strives to comply with the spirit and the letter of all legislation affecting its operations. Outside Australia, the Company will abide by local laws in all countries. Where those laws are not as stringent as the Company's operating policies, particularly in relation to the environment, workplace practices, intellectual property and the giving of "gifts", Company policy will prevail

(ix) How the Company Monitors and Ensures Compliance with its Code

The Board, management and all employees of the Company are committed to implementing this code of conduct and each individual is accountable for such compliance. Disciplinary measures may be imposed for violating the code.

CORPORATE GOVERNANCE STATEMENT (cont.)

(x) Role of Shareholders

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

- The Annual Financial Report is distributed to all shareholders (unless a shareholder has specifically requested not to receive the document). The Board ensures that the annual report includes relevant information about the operations of the Company during the financial year, changes in the state of affairs of the Company and details of future developments, in addition to other disclosures required by the Corporation Act 2001;
- Release of a half-yearly Report to the Australian Securities Exchange Limited; and
- Proposed major changes in the economic entity, which may impact on share ownership rights, are submitted to a vote of shareholders.

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

Shareholders are responsible for voting on appointment of directors, appointment of auditors, level of remuneration of Non-Executive Directors and any matters of special business.