



AUSTOFIX GROUP LIMITED

CORPORATE GOVERNANCE DOCUMENTS

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1. GOVERNANCE STATEMENT

Austofix supports the principles of effective corporate governance and is determined to engage the highest standards of performance and accountability, commensurate with the size of the Company and the resources available to it. Accordingly, the Board has adopted corporate governance practices designed to promote responsible management and conduct of the Austofix's business. The practices apply equally to the Company's wholly owned subsidiaries.

This statement outlines Austofix's principal corporate governance practices.

2. BOARD CHARTER

The Board charter sets out the role, composition and responsibilities of the Board of Directors.

2.1 Board

The Board has responsibility for the overall corporate governance of the Company, including:

- (a) strategic direction;
- (b) establishment of goals for management; and
- (c) monitoring the achievement of these goals.

The Directors are aware of their duties and responsibilities and have adopted the Code of Conduct to promote ethical and responsible decision making.

The Board supports the principle of having a majority of non-executive and independent Directors. However, it is mindful that in the early stages of the Company's development, other competing priorities which may impact on the Board's structure could be of greater importance (for example, maximising shareholder value in priority to ensuring the independence of Directors).

There are a majority of non-executive Directors on the Board, including the Chairman, who is elected by the Board.

The Board's policy is to review its performance and composition on a regular basis to ensure that there is an appropriate balance of experience and skills to match the size, scope and nature of the Company's activities. When a vacancy arises, for whatever reason, or where it is considered the Board would benefit from the appointment of a Director with particular skills and experience, the Board's policy is to select potential candidates with advice from an external consultant if necessary. The most suitable candidate is then appointed subject to election at the next general meeting of shareholders.

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Directors are appointed by rotation for three years after which they seek re-election from shareholders.

It is the Board's intention to meet on a monthly basis. In addition to monthly meetings, special or strategy meetings will be held at such other times as may be necessary to address specific matters of significance or timeliness that may arise.

2.2 Remuneration

The remuneration of executive and non-executive Directors is reviewed by the Board to the exclusion of the Director concerned. The remuneration of management and employees is reviewed by the Board and approved by the Chairman.

Remuneration levels are determined by the Board on an individual basis at reasonable but competitive market rates, with the size of Austofix making individual assessment more appropriate than formal remuneration policies. External advice on remuneration matters will be sought whenever it is deemed necessary.

2.3 Independent Professional Advice

Directors have the right, in connection with their duties and responsibilities, to seek independent professional advice at Austofix's expense. Prior written approval of the Chairman is required; whose approval will not be unreasonably withheld.

2.4 Committees

The Board as a whole addresses the governance aspects of the full scope of Austofix's activities to ensure that it adheres to appropriate ethical standards. All matters which might properly be dealt with by special committees are subject to regular scrutiny at full Board meetings. The Board may, from time to time, constitute a committee to advise the Board.

The Board intends to instigate internal procedures designed to provide reasonable assurance as to the effectiveness and efficiency of operations, the reliability of financial reporting and compliance with relevant laws and regulations.

3. CODE OF CONDUCT

The Board recognises that their primary responsibility is to the shareholders of Austofix, while simultaneously having regard for the interests of all stakeholders of the Company and the broader community.

All Directors, staff, regular consultants and contractors, when acting on behalf of Austofix, are expected to act with the utmost integrity and objectivity in their dealings with other parties, striving at all times to enhance its reputation and performance.

Accordingly, the Board encourages the following principles to be adhered to by every Employee at all times:

- (a) act with and promote the highest standards of ethics and integrity in carrying out duties on behalf of Austofix;

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- (b) respect and observe the laws and other regulations of Australia, complying at all times with the spirit as well as the letter of the law, particularly those within the communities in which Austofix operates;
- (c) commit to adherence to health and safety standards, with products through compliance with manufacturing and other best practice standards, and in the provision of safe employee work environments;
- (d) where concerns arise, the Chairman, CEO or any Director should be advised before any decision is made;
- (e) respect the rights of employees of Austofix;
- (f) respect the rights of all shareholders, acknowledging that they are the owners of Austofix;
- (g) respect the rights of the Austofix's stakeholders, including its customers, suppliers, end consumers and the broader community in which they operate;
- (h) never make improper use of knowledge, information, documents or other resources of Austofix obtained in the course of employment;;
- (i) information about the Company that is not publicly available (inside information) should not be used by employees for their private gain, or that of others; and
- (j) when any real or perceived conflict of interest arises, when acting on behalf of Austofix, advice should be sought from the Chairman, CEO or any Director.

4. SHARE TRADING POLICY

4.1 Background

Directors, executives and other officers and employees cannot make use of information acquired through their position within Austofix in order to make a profit for themselves.

This general duty is supplemented by sections 182 and 183 of the Act which prohibits directors, executives and other officers and employees from making improper use of their position to gain an advantage for themselves or for anyone else by dealing in shares in Austofix where that information is not generally available to the public. This prohibition applies to all companies, whether listed on the ASX or not.

Section 1043A of the Act provides a broader prohibition of insider trading. The essence of that provision is that a person who is in the possession of information that is not available to other shareholders or the public which, if other shareholders or the public were aware of such information, it may induce them to deal in shares in Austofix, then that person in possession of the information should not deal in shares in Austofix.

4.2 Company Policy

Subject to the Share Trading Policy and the law, the Board encourages Directors and employees to become long-term holders of shares in Austofix aligning their interests with those of the company by promoting Director and employee ownership of shares.

Directors, officers, and their associates must adhere to the Share Trading Policy.

Austofix will release its half-yearly and annual reports to the ASX and the ASIC in February and September of each year.

Other announcements are made at times when the Board deems it appropriate in accordance with the Listing Rules and the Act.

Any staff, officers, consultants or contractors who have any queries or concerns relating to the Share Trading Policy will, in the first instance, consult the Chairman prior to dealing in any shares.

5. CONTINUOUS DISCLOSURE POLICY

5.1 Background

Austofix recognizes the critical importance of timely disclosure to ensure the efficient operation of the securities market. The objective of this policy is to ensure that the management and delivery of price sensitive information by Austofix provides equality of opportunity to all shareholders and market participants and, in so doing, complies with the continuous disclosure obligations of the Listing Rules and the *Corporations Act 2001* (Cth) (the **Act**).

5.2 Disclosure Principle

Austofix must immediately notify the ASX of any information concerning it that a reasonable person would expect to have a material effect on the price or value of its shares, provided that the information does not fall within an exception to disclosure under the Listing Rules.

5.3 Compliance with Policy

The Board is responsible for ensuring that Austofix complies with its continuous disclosure obligations. The Board is responsible for implementing and overseeing compliance with this Continuous Disclosure Policy.

The Board and the CEO, in conjunction with the Secretary, are responsible for determining whether information is price sensitive and should be released to the market. In particular, upon notification of a potentially price sensitive matter in accordance with this policy, the CEO and Secretary will assess whether the information falls within the disclosure exception in the Listing Rules

5.4 ASX Communications Officer

Austofix's ASX Communications Officer is responsible for:

- (a) ensuring that it complies with continuous disclosure obligations;

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- (b) communicating with the ASX in relation to Listing Rule matters;
- (c) overseeing and co-ordinating disclosure of information to the ASX, analysts, brokers, shareholders, the media and the public; and
- (d) educating directors, officers and employees on its disclosure obligations, policies and procedures and raising awareness of the principles underlying continuous disclosure.

The ASX Communications Officers are the CEO and the Secretary. The Secretary will be the primary ASX Communications Officer for the purpose of administering notifications to the ASX. The ASX Communications Officer should be made aware of all proposed disclosures to the ASX in advance.

5.5 Price Sensitive Information

All information which is potentially price sensitive should be ultimately notified to the CEO and Secretary through the Reporting Procedures discussed in Paragraph 5.6. Some examples of matters which are either always or may, if material and dependent on each particular set of circumstances, be price sensitive are:

- (a) profit forecasts;
- (b) proposed issues of securities;
- (c) borrowings;
- (d) impending mergers, acquisitions, reconstructions, takeovers, or other major dealings;
- (e) significant litigation;
- (f) significant changes in operations;
- (g) new products, services and technology of Austofix;
- (h) proposed dividends;
- (i) management restructuring; and
- (j) significant new or lost customers or contracts.

Information is considered price sensitive if it would or would be likely to influence persons who commonly invest in shares in deciding whether or not to subscribe for, buy or sell Austofix's shares. The nature of the information should be assessed against this qualitative test, considering Austofix's business activities, size and place in the market.

Employees should not pre-judge whether any information is price sensitive and should follow the reporting procedures set out in Paragraph 5.6.

5.6 Reporting Procedures

Austofix's internal reporting procedures for ensuring potentially price sensitive information is notified to the CEO and Secretary include reports from Board meetings and various scheduled meetings of management. In addition, senior management has regular contact with both the Directors and other managers. This regular contact enables Directors to keep abreast of matters that are, or might become, price sensitive. Any potentially price sensitive issues arising from these contacts are to be notified to the Secretary who will, in consultation with the CEO, determine whether the matter requires reporting to the ASX.

In addition, all matters which may be considered by any person to be potentially price sensitive are to be immediately reported to the CEO, the Secretary or both.

As noted above, the CEO and/or the Secretary will liaise to determine if in fact a matter is to be considered price sensitive and whether or not disclosure is required under the Listing Rules.

5.7 Communication of Information

(a) Disclosure to the ASX

All information which would be expected to have a material effect on the price or value of the Austofix's securities will be released by the ASX Communications Officer to the ASX before any other person.

(b) Placement on website

All information disclosed to the ASX in compliance with this policy will be promptly placed on Austofix's website following confirmation of receipt from the ASX.

(c) Further dissemination

The CEO will in each instance determine if further dissemination of information is required following release of material to the ASX. Such further information could include, for example: press releases, media conferences, or mail outs to shareholders.

(d) Authorised spokespersons

Unless otherwise determined by the Board, the authorised company spokespersons (or spokespersons) are the CEO, Secretary and the Chairman severally.

The spokespersons are entitled to clarify information publicly released through the ASX, but they should not add to or reveal any additional information which may be considered as materially price sensitive.

(e) Market speculation and rumours

Market speculation and rumours, whether substantiated or not, have a potential to impact Austofix and may contain factual errors. Speculation

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may also result in the ASX formally or informally requesting disclosure by Austofix on the matter.

Austofix may issue a statement in relation to market speculation or rumour where:

- (i) it considers it has an obligation at that time to make a statement to the market about a particular matter; or
- (ii) it is required to respond to a formal or informal request from the ASX for information.

The CEO will decide whether it is appropriate to issue such a statement. No other Employee is authorised to respond to speculation and market rumours except with the prior approval (whether oral or written) of the CEO.

- (f) Contact with the market (market discussions)

Price sensitive material is first released to the ASX, however, Austofix regularly interacts with the market in a variety of additional ways. These include presentations to the media, analysts and investors, including:

- (i) one on one briefings; and
- (ii) in circumstances where senior executives act as a guest speaker.

Austofix recognises that it is important to have such market discussions, but also recognises that no price sensitive information is to be communicated during these discussions. The spokespersons may clarify information that Austofix has publicly released but must not comment on material price or value sensitive issues that have not been disclosed to the market generally.

- (g) Breaches of Continuous Disclosure Policy

Breaches of the Continuous Disclosure Policy may lead to disciplinary action being taken against the employee including dismissal in serious cases.

6. SHAREHOLDER COMMUNICATIONS POLICY

6.1 Background

Austofix recognizes the value of providing current and relevant information to its shareholders and to empowering its shareholders through effective communication.

The CEO and Secretary have overall responsibility for communication with shareholders.

6.2 Electronic Communication and the Company's Website

Austofix acknowledges that communicating with shareholders by electronic means, particularly through its website, is an efficient way of distributing information in a timely and convenient manner.

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Austofix has a website at (www.austofix.com.au) (the **Website**) that has an “Investor” section which has or will contain the following pages particularly relevant to shareholders:

- (a) shareholder update:
 - (i) current and historical share price details (which may be displayed as a link to the ASX website;
 - (ii) a corporate calendar showing key disclosure events, dividend and annual general meeting dates; and
 - (iii) all announcements relevant to Austofix linked to the ASX website;
- (b) corporate information:
 - (i) details of the Board of Directors;
 - (ii) details of Austofix executives; and
 - (iii) this document;
- (c) annual reports for each year;
- (d) details of Austofix’s general meetings (including the annual general meeting);
- (e) financial results for half and full financial year;
- (f) media releases; and
- (g) share registry details.

The Website will be updated with material released to market as soon as practicable after confirmation of receipt by the ASX.

All website information will be continuously reviewed and updated to ensure all information is current, appropriately dated and archived.

Historical information will be archived and clearly dated to ensure users are aware that it may be out of date.

Austofix will place the full text of notices of meeting and explanatory material on the Website.

6.3 Written Communication and Annual Report

The annual report is the major written communication between Austofix and its shareholders each year. Austofix will provide the annual report to its shareholders in a timely manner, in accordance with the requirements of the Act and the Listing Rules.

Austofix may write a letter directly or publish a periodical newsletter to shareholders during a financial year to keep shareholders informed on a more frequent basis.

6.4 Updating this Policy

This Shareholder Communications Policy will be updated when appropriate to ensure that technological advances and additional features on the Website are adequately utilized in communicating with shareholders.

7. MATERIAL BUSINESS RISK MANAGEMENT POLICY

7.1 Background

The Board acknowledges that a sound framework of risk oversight, risk management and internal control is fundamental to good corporate governance. It supports reliable financial reporting, compliance with relevant laws and regulations, and effective and efficient operations.

Austofix's process of risk management, including implementation of appropriate internal controls and compliance, is to:

- (a) establish its goals and objectives;
- (b) design, implement and monitor strategies and policies to achieve its goals and objectives;
- (c) continually identify potential material business risks and measure their possible impact upon the achievement of its goals and objectives; and
- (d) formulate risk management strategies to manage identified risks and monitor/assess the performance of risk management system.

7.2 Risk Management System

- (a) Oversight, Compliance and Control

The Board and the CEO are responsible for establishing Austofix's goals and objectives and overseeing the establishment, implementation and review of its material business risk management system.

Austofix's CEO and senior executives are responsible for establishing and implementing the risk management system to identify, control and manage strategic, technical, operational and other material business risks.

The CEO, Secretary and other senior executives meet regularly to discuss the achievement of Austofix's goals and objectives. Any material risks would be tabled at these meetings and procedures are implemented to monitor and deal with these identified material risks. The CEO has undertaken to inform the Board of any new material risks and outline the actions that have been undertaken to manage such material risks.

- (b) Risk Profile

The risk profile of Austofix can be categorised as follows:

- (i) strategic risks (including competition and market risks)

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- (ii) technological risks;
 - (iii) operational risks;
 - (iv) financial risks;
 - (v) organisational risks;
 - (vi) legal and regulatory risks; and
 - (vii) the material risks in each category are identified and proposed actions to assess, monitor and manage the material business risks are developed.
- (c) Compliance & Control

Austofix's risk management system is evolving. This is an ongoing process and it is recognised that the level and extent of the risk management system will evolve as Austofix's scope and operations expand. Senior executives and the Board believe that given Austofix's current scope of activities and the need to efficiently utilise its resources, it is reasonable not to have an internal audit function at present.

8. DIVERSITY POLICY

8.1 Background

This Diversity Policy explains Austofix's commitment to promoting a positive workplace culture and employment based on merit free from discrimination and harassment. The Diversity Policy is not an all inclusive document and should be read as an expression of principle.

To the extent practicable, the Board endorses the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

Austofix's workforce is made up of individuals with diverse skills, values, backgrounds and experiences. Austofix values diversity and recognises the organisational strength, deeper problem solving ability and opportunity for innovation that it brings.

In order to attract and retain a diverse workforce and, in turn, a broad and varied customer base, Austofix is committed to providing an environment in which all employees are treated with fairness and respect, and have equal access to opportunities available at work.

Austofix believes diversity makes good sense for the business, not merely because of any legal obligations. Diversity contributes to the achievement of Austofix's corporate objectives. It enables Austofix to attract people with the best skills and attributes, and to develop a workforce whose diversity reflects that of the Australian population.

8.2 Interpretation of Diversity

Diversity at Austofix refers to all the characteristics that make individuals different from each other. It includes characteristics or factors such as religion, race, ethnicity, language, gender, sexual orientation, disability, age or any other area of potential difference. Diversity at Austofix is about commitment to equality and treating all individuals with respect.

8.3 Gender Diversity

Gender diversity will be a key strategic focus for Austofix in the coming years, particularly with the introduction of recommendations on gender diversity by the ASX Corporate Governance Council, which took effect for the first financial year of listed entities beginning on or after 1 January 2011.

The Board is responsible for assessing on an annual basis the achievement against gender diversity objectives, including the representation of women at all levels of the organisation. This increased focus on diversity at all levels of the business will reinforce the importance of equality in the workplace.

8.4 Work and Life Balance

Austofix's flexible work initiatives assist Employees with carer responsibilities as well as Employees looking to transition towards retirement. The internal promotion culture is merit-based, allowing Employees to be considered for advancement opportunities based on achievement, experience and the value they could bring to a role.

8.5 Measures

When considering the appointment, employment, promotion, termination or other career event in relation to an Employee, Austofix (or its representatives) will consider:

- (a) merit for internal promotion, leadership development and flexible work arrangements with regard to the Employee;
- (b) qualifications and experience of the Employee relevant to the career event;
- (c) whether there is an opportunity to enhance the diversity of Austofix, with a particular focus on addressing the imbalance of gender at the senior executive and Board level; and
- (d) any other value that Austofix thinks fit

PROVIDED THAT such consideration is in the best interests of the shareholders of Austofix and is not discriminatory.

8.6 New Appointments

Where the Board, CEO, or delegate is considering the appointment of prospective Employees, the Board will undertake to implement measures to ensure:

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- (a) an environment conducive to a diverse selection pool is established and that such an environment promotes a culturally diverse workplace with regard to age, gender, ethnicity and cultural background;
- (b) the Board considers the need to hire a third party intermediary to assist with the recruitment of suitable candidates for either staff or Board positions; and
- (c) the Board will ensure transparency in the selection and appointment process.

8.7 Internal Review

The Board will:

- (a) review diversity within Austofix annually;
- (b) disclose in the annual report the measurable objectives for achieving gender diversity set by the Board in accordance with the Diversity Policy and progress towards achieving them;
- (c) disclose in the annual report the proportion of women:
 - (i) working in Austofix;
 - (ii) working in senior executive roles in Austofix; and
 - (iii) that are duly appointed as members of the Board.

9. INTERPRETATION

In this document, unless the context clearly indicates otherwise, the following expressions have the meanings set out below:

- (a) **Act** has the meaning given to it in Paragraph 5.1;
- (b) **ASIC** means the Australian Securities and Investments Commission;
- (c) **ASX** means the Australian Securities Exchange;
- (d) **Austofix** means Austofix Group Limited (A.C.N. 119 490 238) and its wholly owned subsidiaries;
- (e) **Board** means the board of directors of Austofix;
- (f) **CEO** means the duly appointed chief executive officer of Austofix;
- (g) **Chairman** means the duly appointed chairman of the Board;
- (h) **Code of Conduct** means the code of conduct specified in Paragraph 3;
- (i) **Continuous Disclosure Policy** means the policy specified in Paragraph 5;
- (j) **Director** means a duly appointed director of Austofix;
- (k) **Diversity Policy** means the policy specified in Paragraph 8;

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- (l) **Employee** includes Directors, staff, and regular consultants and contractors when acting on behalf of the Company;
- (m) **Listing Rules** means the ASX listing rules as amended;
- (n) **Secretary** means the duly appointed company secretary of Austofix from time to time;
- (o) **Shareholder Communications Policy** means the policy specified in Paragraph 6;
- (p) **Share Trading Policy** means the key management personnel share trading policy announced through the ASX by Austofix on 17 January 2011 (as amended); and
- (q) **Website** has the meaning given to it in Paragraph 6.2.