

# Directors' Report

## Environmental regulation

The Group's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation.

## Meetings of Directors

The number of meetings of the Directors held during the year and the number of meetings attended by each director was as follows:

	<b>Board of Directors</b>		<b>Risk &amp; Audit Committee</b>	
	<b>Attended</b>	<b>Held</b>	<b>Attended</b>	<b>Held</b>
Peter Francis	13	13	2	2
Peter French	11	11	-	-
John Chiplin	13	13	2	2
Kevin Buchi	11	13	-	-
Iain Ross	11	13	-	-
Mel Bridges	11	13	2	2

## Committee membership

Due to the small number of Directors, it was determined that the Board would undertake all of the duties of a properly constituted Remuneration and Nomination Committee, with Dr John Chiplin acting as Chairman.

The Audit and Risk Committee was chaired by Dr Bridges and met twice during the financial year. Mr Iain Ross now chairs the Audit and Risk Committee.

## Remuneration report (audited)

This report details the nature and amount of remuneration for each director of the Company, and for all key management personnel.

The information provided in the Remuneration Report has been audited as required by s308 (3c) of the Corporations Act 2001.

## Remuneration Philosophy

The remuneration policy of the Company is to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering long-term incentives based on key performance areas. The Board believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the consolidated entity, as well as create goal congruence between directors, executives, and shareholders.

The Board is responsible for determining the appropriate remuneration package for the CEO, and the CEO is in turn responsible for determining the appropriate remuneration packages for senior management.

Executives typically receive a base salary (which is based on factors such as experience and comparable industry information), options, and performance incentives. The Board reviews the CEO's remuneration package, and the CEO reviews the other senior executives' remuneration packages, annually by reference to the consolidated entity's performance, executive performance, and comparable information within the industry.

The performance of executives is measured against criteria agreed annually with each executive and is based predominantly on the overall success of the Company in achieving its broader corporate goals. Bonuses and incentives are linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives, bonuses, and options, and can recommend changes to the CEO's recommendations. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

Executives may be invited to participate in the Employee Share Option Plan.

Australian executives or directors receive a superannuation guarantee contribution required by the government and do not receive any other retirement benefits.

All remuneration paid to directors and executives is valued at the cost to the Company and expensed. Options are valued using the Black-Scholes methodology.

The Board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment, and responsibilities. The Board as a whole determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties, and accountability. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. Fees for non-executive directors are not linked to the performance of the consolidated entity. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company.

## Performance Based Remuneration

Each executive's remuneration package has a performance-based component. The intention of this approach is to facilitate goal congruence between executives with the business and shareholders. Generally, the executive's performance based remuneration is tied to the Company's successful achievement of certain key milestones relating to its operating activities, as well as the Company's overall financial position.

## Company Performance, Shareholder Wealth, and Directors' and Executives' Remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders, directors, and executives. Two methods are applied in achieving this aim, the first being a performance based bonus based on achievement of key corporate milestones, and the second being the issue of options to the majority of directors and executives to encourage the alignment of personal and shareholder interests.