

Corporate Governance Statement

Introduction

The Board of directors is responsible for the corporate governance of the Industrea Group of companies and this report outlines the framework for the Industrea Group's corporate governance regulation and management.

During the whole of the reporting period, Industrea Group's corporate governance framework was aligned with the ASX Corporate Governance Council's 'Principles of Good Corporate Governance and Best Practice Recommendations' (2nd edition), of which there were 8 in number and each of which are addressed more specifically in this statement.

Those eight Key Principles are:

Principle 1: Lay solid foundations for management and oversight – Comply.

Principle 2: Structure the board to add value – Comply.

Principle 3: Promote ethical and responsible decision-making – Comply.

Principle 4: Safeguard integrity in financial reporting – Comply.

Principle 5: Make timely and balanced disclosure – Comply.

Principle 6: Respect the rights of shareholders – Comply.

Principle 7: Recognise and manage risk – Comply.

Principle 8: Remunerate fairly and responsibly – Comply.

Principle 1: Lay solid foundations for management and oversight

The Board of Directors is responsible for the corporate governance of Industrea Group. The Board guides and monitors the business and affairs on behalf of the shareholders by whom they are elected and to whom they are accountable.

1.1 Establish the functions reserved to the board and those delegated to senior executives and disclose those functions (Industrea Group complies).

In recognition of the responsibility to Shareholders, for the creation of Shareholder value and the protection of Shareholder funds, the Directors have adopted the following principles in the definition of their Corporate Governance role.

The Board has responsibility for the following:

- Oversight of the company, including its control and accountability systems.
- Appointing and removing the Managing Director.
- Ratifying the appointment and, where appropriate, the removal of the Chief Financial Officer and the Company Secretary.
- Input into and final approval of management's development of corporate strategy and performance objectives.
- Reviewing, ratifying and monitoring systems of risk management and internal compliance and control, codes of conduct and legal compliance.

- Monitoring senior managements' performance and implementation of strategy and ensuring appropriate resources are available.
- Approving and monitoring the progress of major capital expenditure, capital management and acquisitions.
- Approving and monitoring financial and other reporting.
- Ensuring that appropriately skilled management is employed to implement the Board's instructions.

Allocation of individual responsibilities and a clear understanding of corporate expectations of directors and senior management is achieved through letters of appointment. In the case of senior management this extends to formal job descriptions and performance expectations as outlined in principle 1.2.

There are management delegations in place and these are reviewed annually.

1.2 Disclose the process for evaluating the performance of senior executives.

The remuneration report within the Directors' Report addresses the key performance requirements for executives. These performance requirements, in the case of the chief executive officer are set by the Board after review of actual performance and review of achievement of prior expectations. In so doing the Board reviews the performance of the chief executive officer.

In the case of other senior management, the chief executive

officer sets and monitors performance against requirements and makes recommendations on remuneration to the Board in connection with individual performance of the senior management.

1.3 Reporting on Principle 1.

Industrea believes it fully complies with recommendations 1.1 to 1.3 of Principle 1.

A performance evaluation for senior management has taken place in the reporting period in accordance with the process disclosed above and in the remuneration report within the Director's Report.

A copy of the Board Charter is available from the Industrea website under the Corporate Governance section. Matters reserved for the Board and delegations to management are broadly outlined in the Board Charter.

The Industrea Group recognises the need to continually review its policies and to adjust and adapt to future changes. The Board has in place a procedure to review and consider any changes so as to maintain best practices. This has occurred throughout the reporting period, largely associated with the growth of Industrea Group's business interests and management capability and the desire to meet best practice standards in all respects.

Principle 2: Structure the board to add value

2.1 A majority of the board should be independent directors – (Industrea Group complies).

2.2 The chair should be an independent director – (Industrea Group complies).

2.3 The roles of chair and chief executive officer should not be exercised by the same individual – (Industrea Group complies).

2.4 The board should establish a nomination committee – (Industrea Group complies).

The Nomination Committee conducts its activities in accordance with the Nomination Committee Charter which

is available from the Industrea website under the Corporate Governance section. The role of the Nomination Committee is to review the skills of the Board and to assess and balance the skill sets required of the Board to allow it to most effectively and efficiently discharge its functions and responsibilities having regard for the strategic direction of Industrea Group. The Nomination Committee makes recommendations to the Board as to the skill sets required and to process and locate appropriate candidates. The committee is also charged with the obligation to establish processes to review the performance of the Board as a whole and of the individual directors.

Given the importance of Board composition and the size of the Board at present, it is considered appropriate that all members of the Board are members of the Nomination Committee. The Committee meets at least twice each year.

2.5 Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.

The Board Charter charges the Chairman with responsibility to arrange Board performance evaluations.

The remuneration report within the Directors' Report addresses the key performance requirements for executives. These performance requirements are set by the Board after review of the actual performance and review of achievement of prior expectations. In so doing, the Board reviews the performance of executives.

During the reporting period the Board reviewed its own performances and opportunities for increased performance and communications.

On the appointment of a new Director the Nomination Committee is charged with the responsibility of overseeing the induction of that Director. The induction program is structured to enable new directors to quickly gain an understanding of:

- the Industrea Group's financial, strategic, operational and risk management position;
- the rights, duties and responsibilities of the directors;
- the roles and responsibilities of senior management; and
- the role of the Board committees.

The induction process also includes a letter of appointment, statement of duties and obligations, a full copy of all corporate governance policies and charters and access to recent minutes of meeting of the Board and the committees.

Directors and executives are encouraged to continually educate themselves and to attend educational forums relevant to the business and management of Industrea Group.

Non-executive directors have the right to seek independent professional advice in the furtherance of their duties as directors. They also have access to the senior executives of Industrea Group.

2.6 Provide information indicated in the guide to reporting on Principle 2: – (Industrea Group complies).

- Details of the skills, experience and expertise of each Director are set out in the Directors' Report in the Annual Report.
- Currently the Board is made up of 5 Directors comprising 4 non-executive Directors, including the Chairman and one executive Director being the Managing Director. All four non-executive Directors are considered by the Board to be independent. In considering whether or not a Director is independent, the Board has regard to the independence criteria set out in the Key Principles. None of the relationships in Box 2.1 apply in respect of the non-executive Directors.
- Directors are entitled to seek independent professional advice at the expense of the Company as required in the furtherance of their duties, subject to consultation and approval of the Chairman.
- A board performance evaluation was undertaken during the year in accordance with the procedure outlined above.

Set out below are the status and dates of appointment of each Director:

Director		Date appointed
David Beddall	Non-executive Chairman – Independent	March 1999
Robin Levison	Managing Director and CEO	November 2005
Anthony McDonald	Non-executive – Independent	November 2007
Lachlan McIntosh	Non-executive – Independent	May 2004
Timothy Netscher	Non-executive – Independent	February 2009

Principle 3: Promote ethical and responsible decision-making

3.1 Establish a code of conduct to guide the Directors, senior executives and employees as to:

- The practices necessary to maintain confidence in the Company's integrity – (Industrea Group complies).
- The practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders – (Industrea Group complies).
- The responsibility and accountability of individuals for reporting and investigating reports of unethical practices – (Industrea Group complies).

Industrea Group has established and seeks to abide by an Ethics and Conduct Policy outlining the basis on which the Company promotes ethical and responsible decision making and behaviour. A copy of the Ethics and Conduct Policy is available from the Industrea website under the Corporate Governance section.

3.2 Disclose the policy concerning the trading in Company securities by Directors, officers and employees – (Industrea Group complies).

The Company's Security and Trading Policy regulates dealings by Directors, officers and employees in securities issued by the Company. In certain circumstances, this policy also applies to contractors and consultants. Consistent with the legal prohibitions on insider trading, under the trading policy all employees are prohibited from trading in the Company's issued securities while in possession of unpublished price sensitive information. Price

sensitive information is that which a reasonable person would expect to have a material effect on the price or value of the Company's securities. As contemplated by the ASX listing rules, each Director has agreed to provide notice of any dealings in the Company's securities within 5 business days of any such dealing to enable the Company to comply with its corresponding obligation to notify the ASX. All staff are required to obtain approval to deal in any of the Company's securities prior to placing an order or trade.

A copy of the Security and Trading Policy is available from the Industrea website under the Corporate Governance section.

No director or executive of the Company is party to any margin lending or similar arrangement involving the Company's shares at balance date.

3.3 Provide the information indicated in the Guide to reporting on Principle 3 – (Industrea Group complies).

Principle 4: Safeguard integrity in financial reporting

4.1 The board should establish an audit committee – (Industrea Group complies).

4.2 Structure the audit committee so that it:

- consists only of non executive directors – (Industrea Group complies);
- consists of a majority of independent directors – (Industrea Group complies – all members during the reporting period were independent directors);

- is chaired by an independent chair, who is not, chair of the Board – (Industrea Group complies); and
- has at least three members – (Industrea Group complies).

4.3 The audit committee should have a formal charter – (Industrea Group complies).

A copy of the Audit Committee Charter is available from the Industrea website under the Corporate Governance section.

4.4 Provide information indicated in the Guide to reporting on Principle 4 – (Industrea Group complies).

The Board is committed to safeguarding the integrity of financial reporting and as such will openly promote and instigate a structure of review and authorisation designed to ensure the truthful and factual presentation of the Industrea Group's financial position. The Company will prepare and maintain its accounts fairly and accurately in accordance with the accounting and financial reporting standards that represent the generally accepted guidelines, principles, standards, laws and regulation of the jurisdictions in which it has interests.

The purpose of the Audit Committee is to provide assistance to the Board in fulfilling its oversight responsibility relating to the integrity of the financial statements, the effectiveness of the internal control over financial reporting and the independent auditor.

The Audit Committee meets at least twice each year and involves the Managing Director, Chief Financial Officer and Industrea Group Auditor where and to the extent appropriate to allow the committee to fulfil its function.

The names of the Audit Committee and the number of meetings of the Audit Committee during the reporting period and the names on the attendance record is set out in the Directors' Report in the Annual Report.

Principle 5: Make timely and balanced disclosure

- 5.1 Establish written policies and procedures to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance and disclose those policies or a summary of those policies – (Industrea Group complies).

A copy of the Company's Continuous Disclosure Policy is available from the Industrea website under the Corporate Governance section.

- 5.2 Provide the information indicated in the Guide to reporting on Principle 5 – (Industrea Group complies).

The Industrea Group is committed to the principles of full and effective investor communication so as to provide investors with ready access to balanced and understandable information about the Industrea Group and corporate strategies. Industrea Group will immediately notify 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.

The only exception to this is where the ASX Listing Rules do not require such information to be disclosed.

On confirmation of receipt from the ASX, the Company will post all information disclosed to the market on the Company's website in an area accessible by the public.

Other than on the ASX platform and the Industrea Group's website, disclosure is made in media releases, analyst presentations, notices of meetings and annual reports. To the extent that any disclosure contains new information it will first be lodged for disclosure on the ASX platform.

The Managing Director has primary responsibility for:

- ensuring that the Company complies with its continuous disclosure requirements;
- overseeing and coordinating, in concert with the Board, disclosure of information to the ASX, analysts, brokers, shareholders, the media and the public; and
- raising awareness of the principles underlying continuous disclosure.

Principle 6: Respect the rights of shareholders

- 6.1 Design and disclose a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings – (Industrea Group complies).

- 6.2 Provide the information indicated in the Guide to reporting on Principle 6 – (Industrea Group complies).

A copy of the Company's Shareholder Communications Policy is available from the Industrea website under the Corporate Governance section. The policy outlines details of the communications strategies via market releases, the Industrea Group website, direct communications with shareholders and general meetings.

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 – (Industrea Group complies).

The Board recognises that there are strategic, operational and financial risks in the Industrea Group businesses and has established a sound system of risk oversight and management and internal control to identify, assess, monitor and manage risk.

- 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 – (Industrea Group complies).

The Managing Director, with assistance from senior executives is responsible for designing and implementing the risk management framework. Management identifies and reviews the key risks impacting each area of the business and develops strategies to effectively mitigate these risks. Management reports to the Board on the effectiveness of Industrea's management of its material business risks.

The Board is responsible for risk oversight, risk management and internal control.

- 7.3 The Board should disclose whether it has received assurance from the chief executive officer and the chief financial officer 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 risk – (Industrea Group complies).

When the Board approves the half and full-year results, the Managing Director and Chief Financial Officer have represented to the Board that, to the best of their knowledge:

- the statement given in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control; and
- Industrea's risk management and internal control system is operating effectively in all material respects in relation to financial reporting risks.

- 7.4 Provide the information indicated in the Guide to reporting on Principle 7 – (Industrea Group complies).

A copy of the Company's Risk Management Policy is available from the Industrea website under the Corporate Governance section.

The Board has received the report from Industrea Group management in accordance with Principle 7.2.

Principle 8: Remunerate fairly and responsibly

- 8.1 The Board should establish a remuneration committee – (Industrea group complies).

The role of the Remuneration Committee is to assist the Board in fulfilling its objectives to ensure the Company has effective policies, processes and practices for appropriately attracting, remunerating and retaining executives and directors who will add value to the Company and reward programs which are fair and responsible.

- 8.2 Clearly distinguish the structure of non-executive Directors' remuneration from that of executives – (Industrea Group complies).

- 8.3 Provide the information indicated in the Guide to reporting on Principle 8 – (Industrea Group complies).

The names of the members of the Remuneration Committee and the number of meetings of the Remuneration Committee during the reporting period and the names on the attendance record is set out in the Directors' Report in the Annual Report.

Details of the remuneration policies and practices of Industrea Group and the remuneration paid to Directors (Executive and Non-Executive) and senior executives are set out in the Remuneration Report included in the Directors' Report. Shareholders will be invited to approve the Remuneration Report at the Annual General Meeting in 2009.

The maximum aggregate amount of remuneration to be allocated among the Non-executive Directors is approved by the shareholders in general meeting and allocated thereafter as the Board determines. In proposing the maximum amount for consideration by shareholders and in determining the allocation, the Remuneration Committee will take into account the time demands made on Directors, the nature of the Industrea Group operations, the responsibilities undertaken and consider as a comparison, fees paid to non-executive directors in comparable Australian companies.

There are no schemes for retirement benefits, other than statutory superannuation, for Non-executive Directors.

A copy of the Remuneration Committee Charter is available from the Industrea website under the Corporate Governance section.

A summary of the Industrea Group policy on prohibiting transactions in associated products which limit the risk of participating in unvested entitlements in the Company's securities is included in the Company's Security and Trading Policy available from the Industrea website under the Corporate Governance section.