Policy on Corporate Governance

Purpose

The Company shall be headed by an effective board, which is collectively responsible for oversight of the Company.

Guidelines

The board's role shall be to provide entrepreneurial leadership of the Company within a framework of prudent and effective controls which enables risk to be assessed and managed. The board shall oversee the Company's strategic aims, ensure that the necessary financial and human resources are in place for the Company to meet its objectives and review management performance. The board shall set the Company's values and standards and ensure that its obligations to its shareholders and others are understood and met. All director's are charged with the responsibility of corporate oversight.

Board Membership

Board Size

The Board shall determine the appropriate size of the Board from time to time within the limits specified in the Company's Articles of Incorporation. The Board currently considers the optimum size of the Board to be 13 members.

Non-executive Directors

Non-executive directors shall constructively challenge and help develop proposals of strategy. Non-executive directors shall scrutinize the performance of management in meeting agreed goals and objectives and monitor the reporting of performance. Non-executive directors shall satisfy themselves on the integrity of financial information and that financial controls and systems of risk management are robust and defensible. Non-executive directors are responsible for determining appropriate levels of remuneration of executive directors and have a prime role in appointing, and where necessary removing, executive directors, and in succession planning.

Chairman and Chief Executive

There shall be a clear division of responsibilities at the head of the Company between the running of the board and the executive responsibility for the running of the Company's business. No one individual shall have unfettered powers of decision.

The chairman is responsible for leadership of the board, ensuring its effectiveness on all aspects of its role and setting its agenda. The chairman is also responsible for ensuring that the directors receive accurate, timely and clear information. The chairman shall ensure effective communication with shareholders. The chairman shall also facilitate the effective contribution of non-executive directors in particular and ensure constructive relations between executive and non-executive directors.

Board Balance and Independence

The board shall include a balance of executive and non-executive directors (and in particular independent non-executive directors) such that no individual or group of individuals can dominate the board's decision making. NASDAQ requires that the majority of the board be independent. NASDAQ defines an independent director a person other than an officer or employee of the company or its subsidiaries or any other individual having a relationship which, in the opinion of the company's board of directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. The following persons shall not be considered independent:

- a director who is employed by the corporation or any of its affiliates for the current year or any of the past three years; B. a director who accepts any compensation from the corporation or any of its affiliates in excess of $60,000 during the previous fiscal year, other than compensation of board service, benefits under tax-qualified retirement plan, or non-discretionary compensation
- a director who is a member of the immediate family of an individual who is, or has been in any of the past three years, employed by the corporation or any of its affiliates as an executive officer. Immediate family includes a person's spouse, parents, children, siblings, mother-in-law, father-in-law, brother-in-law, sister-in-law, daughter-in-law, and anyone who resides in such person's home
- a director who is a partner in, or a controlling shareholder or an executive officer of, any for-profit business organization to which the corporation made, or from which the corporation received, payments (other than those arising solely from investments in the corporation's securities) that exceed 5% of the corporation's or business organization's consolidated gross revenues for that year, or $200,000, whichever is more, in any of the past three years
- a director who is employed as an executive of another entity where any of the company's executives serve on that entity's compensation committee

To ensure that power and information are not concentrated in one or two individuals, there shall be a strong presence on the board of both executive and non-executive directors. The value of ensuring committee membership is refreshed and that undue reliance is not placed on particular individuals should be taken into account in deciding chairmanship and membership of committees. No one other than the committee chairman and members is entitled to be present at a meeting of the nomination, audit or remuneration committee, but others may attend at the invitation of the committee.

Appointments to the Board

There shall be a formal, rigorous and transparent procedure for the appointment of new directors to the board. Appointments to the board shall be made on merit and against objective criteria. Care shall be taken to ensure that appointees have enough time available to devote to the job. This is particularly important in the case of chairmanships. The board shall satisfy itself that plans are in place for orderly succession for appointments to the board and to senior management, so as to maintain an appropriate balance of skills and experience within the company and on the board.

Information and Professional Development

The board shall be supplied in a timely manner with information in a form and of a quality appropriate to enable it to discharge its duties. All directors shall receive induction on joining the board and should regularly update and refresh their skills and knowledge.

The chairman is responsible for ensuring that the directors receive accurate, timely and clear information. Management has an obligation to provide such information but directors shall seek clarification or amplification where necessary. The chairman shall ensure that the directors continually update their skills and knowledge and familiarity with the company required to fulfill their role both on the board and on board committees. The company should provide the necessary resources for developing and updating its directors' knowledge and capabilities. Under the discretion of the chairman, the company secretary's responsibilities include ensuring good information flows within the board and its committees and between senior management and non-executive directors, as well as facilitating induction and assisting with professional development as required. The company secretary shall be responsible for advising the board through the chairman on all governance matters.

Re-election

All directors shall be submitted for re-election at regular intervals, subject to continued satisfactory performance. The board shall ensure planned and progressive refreshing of the board.

Remuneration

Levels of compensation shall be sufficient to attract, retain and motivate directors of the quality required to run the company successfully. A significant proportion of executive directors' remuneration shall be structured so as to link rewards to corporate and individual performance.

There shall be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director shall be involved in deciding his own remuneration.

Internal Control

The board shall ensure that the company maintains a sound system of internal control to safeguard shareholders' investment and the company's assets.

Audit Committee and Auditors

The board shall establish formal and transparent arrangements for considering how they should apply the financial reporting and internal control principles and for maintaining an appropriate relationship with the company's auditors.

NASDAQ requires issuers adopt a formal written audit committee charter that specifies the scope of its responsibilities and the means by which it carries out those responsibilities; the outside auditor's accountability to the audit committee; and the audit committee's responsibility to ensure the independence of the outside auditor. NASDAQ requires the audit committee to have a minimum of three members and be comprised only of independent directors. In addition to satisfying the independent director requirements previously listed, audit committee members are subject to the following criteria: members may not accept any consulting, advisory, or other compensatory fee from the company other than for board service, and they must not be an affiliated person of the company.

The audit committee has the specific responsibilities concerning registered public accounting firms; complaints relating to accounting; internal controls or auditing matters; authority to engage advisors; and funding.

Review and Update

This policy shall be reviewed on not less than an annual basis and updated as necessary.