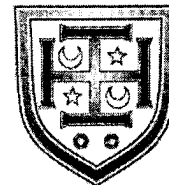


# Findlay Securities Limited

Address: Level 12, 10 Spring Street, Sydney NSW 2000  
Phone: (02) 9259 8000, Fax: (02) 9247 9342  
ACN 124 891 685



## MARKET ANNOUNCEMENT

### FINDLAY SECURITIES LIMITED STATEMENT ON ASX CORPORATE GOVERNANCE COUNCIL'S PRINCIPLES OF GOOD CORPORATE GOVERNANCE AND BEST PRACTICE RECOMMENDATIONS

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#### **Principle 1: Lay Solid Foundations for management and oversight**

The Company has adopted the following practices as set out at page 26 of the Prospectus dated 28 May 2007:

The Board is responsible for the overall corporate governance of the Company. The Board guides and monitors the business and affairs of the Group on behalf of all shareholders.

Ivor Findlay as Executive Chairman is responsible for both the strategic direction of the Company and the operations.

Richard Mollett is responsible for all back office functions, company secretarial and accounting matters.

James Beecher as the sole independent director has been appointed as chairman of the Audit, Risk & Compliance Committee.

The Board will further formalise and disclose the functions reserved to the Board and those delegated to management prior to publication of its 2007 Annual Report.

#### **Principle 2: Structure the Board to add value**

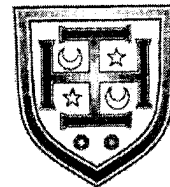
The Board structure is set out at pages 26 and 27 of the Prospectus:

The Board currently has four Directors being:

NAME	POSITION
Ivor Findlay	Executive Chairman & Managing Director
B.A.(Hons) LLB	

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Ivor has extensive experience in the stock broking industry and founded Findlays in 1996.

**Robin Armstrong** Executive Director

Robin has extensive experience in stock broking and had been with Findlays since 1997. He is a director of Cardia Technologies Limited, Aquenox Limited and Broad Investments Limited.

**Richard Mollett** Executive Director

B.Com (UWA) CPA Grad Dip Applied Finance and Investments, JP

Richard joined Findlays in 2000 and is responsible for the finance and administration of the Company. Richard has held a number of similar roles in the stock broking industry.

**James Beecher** Non-Executive Director / Independent Director

BCom, MBA, FCPA, FAICD

James has over 30 years experience in finance and accounting roles. He is a director of Magnesium International Ltd, a member of the Compliance Committee of Abacus Funds Management Ltd, Abacus Storage Funds Management Ltd and FSP Funds Management Ltd and the Chair of the Audit Committee of CMC Markets Asia Pacific Ltd.

Each Director has been in office since the Company's incorporation on 13 April 2007.

The size and structure are in the Board's opinion appropriate given the Company's current circumstances.

The Board's composition will be the subject of review through:

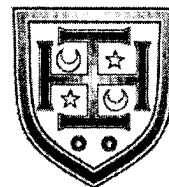
- The requirement that one-third of Directors other than the Managing Director retire at each Annual General Meeting; and
- Periodic review by the Board to either fill a casual vacancy or when the Board considers that the Company would benefit from the experience and skills of a new appointee.

The Board has not established a separate nominations committee. Given its size the Board considers that it is appropriate this important function to be carried out by the Board as a whole.

Ivor Findlay is a substantial shareholder of the Company. He and the other two executive directors named above are either executive employees of the Group or consultants to Stockbrokers. All three provide material services in an executive capacity. As such they would not be considered to

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be independent under the ASX Principles and the Company therefore has a majority of non-independent Directors.

The Group was formed by Ivor Findlay who will retain through Arkwright the largest single shareholding in Securities. The Group's performance has been significantly contributed to by each of the executive Directors. Ivor Findlay is the current Chairman and Managing Director of the Group. This is a continuation of his historical role within the Group. Ivor Findlay intends to step back from his day to day operational role and the Company intends to employ further professional managers to take up responsibility for operational matters.

The Company has not established formal materiality thresholds to determine the independence of a director.

No procedure has yet been adopted for a director to seek independent professional advice at the Company's expense. At this stage such advice can only be sought with the approval of the Board or at the director's own expense. The formal procedure will be determined shortly and set out in the Company's annual report and on its website.

## **Principle 3: Promote ethical and responsible decision-making**

The Board recognises the need for Directors and employees to observe the highest standards of behaviour and business ethics when engaging in corporate activity. The Company intends to maintain a reputation for integrity. The Company's officers and employees are required to act in accordance with the law and with the highest ethical standards. Due to the small size of the Company and that it is managed by executive directors the Company has not established a formal Code of Conduct.

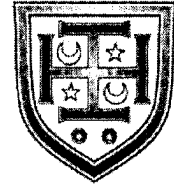
The Company's policy on trading in the securities including the Company's securities is set out at page 27 of the Prospectus:

The Board has adopted a policy dealing with trading in company securities. Employees and consultants are required to have written approval from an Executive Director prior to the execution of any trade on their own account on the ASX, not just those in the securities of the Company. Employees and consultants are not allowed to trade on their own account through any other broker.

Directors may only trade on their own account in the Company's securities with prior approval from the Chairman. All other employees and consultants may only trade on their own account in the Company's securities with prior approval from an Executive Director. The Chairman may only trade on his own account in the Company's shares with prior approval from an independent Director. However, if at any time an individual possesses material nonpublic price sensitive information about the

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Company that person is prohibited from trading.

## **Principle 4: Safeguard integrity in financial reporting**

As set out at page 27 of the Prospectus the Company has established an Audit, Risk and Compliance Committee. It has a formal charter with the primary responsibilities of the Committee under that charter set out at page 27 of the Prospectus. It has an independent chairman, however because of the structure and small size of the Board it has only 2 members only one of whom is independent.

The Audit, Risk and Compliance Committee is composed of James Beecher ( Independent Chairman) and Richard Mollett. The Committee's charter can be found on the Company's website. As at the date of this statement the Committee has not met.

The Managing Director and the Finance Director will make written declarations to the Board on the Company's financial reports.

## **Principle 5: Make timely and balanced disclosure**

### **Principle 6: Respect the rights of shareholders**

At page 27 of the prospectus the Company states:

The Board will strive to ensure that shareholders are provided with sufficient information to assess the performance of the Group and to make well-informed investment decisions.

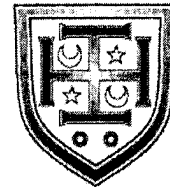
Information will be communicated to shareholders through:

- Annual and half-yearly financial reports;
- Annual and other general meetings convened for shareholder review and approval of Board proposals;
- Continuous disclosure of material changes to ASX for open access to the public; and
- The Company maintains a website where all ASX announcements, notices and financial reports will be published as soon as possible after release to ASX.

The Company has not adopted formal policies and procedures with regard to the ASX Listing Rules disclosure requirements but will do so shortly and set out any such policies in the Company's Annual Report and on its website. At this stage given the material roles in the

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Company of the three executive directors issues that may require disclosure are quickly identified by Board members and they are able to consult as to whether the matter needs to be disclosed in a short space of time.

The auditor will be requested to attend the annual general meeting of shareholders. Shareholders may ask questions of the auditor about the conduct of the audit and the preparation and content of the audit report.

## **Principle 7: Recognise and manage risk**

The Board has identified the significant areas of potential business and legal risk of the Company. The identification monitoring and, where appropriate, the reduction of significant risk to the Company will be responsibility of the Managing Director and the Board.

The Board reviews and monitors the parameters under which such risks will be managed. Management accounts will be prepared and reviewed with the Managing Director at subsequent Board meetings.

The Company has established an Audit, Risk & Compliance Committee, the Charter of which includes responsibility to identify, assess and monitor risk and conduct risk oversight and internal control. The Committee's charter may be found on the Company's website.

The Managing Director and the Finance Director will make written declarations to the Board on the Company's financial reports that include that it is founded on a system of risk management and internal compliance and control and that the systems are working effectively.

## **Principle 8: Encourage enhanced performance**

A Remunerations Committee has not been established at this time. The Board considers that given its current size remuneration of the Directors and Senior Executives is something for the entire Board to consider.

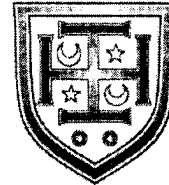
Page 48 and 49 of the Prospectus sets out the following information on remuneration of Directors:

Directors are entitled to remuneration out of the funds of the Company but the remuneration of the non-executive Directors may not exceed in any year the amount fixed by the Company in general meeting for that purpose.

The aggregate remuneration of the non-executive Directors has been fixed at a maximum of \$250,000 per annum (allowing for the appointment of future Directors) to be apportioned among the non-executive Directors in such manner as they determine. Currently each non-executive

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director, at this time being James Beecher only, will receive Director's fees of \$70,000 per annum (exclusive of GST). Directors are also entitled to be paid reasonable travelling, accommodation and other expenses incurred in consequence of their attendance at Board meetings and otherwise in the execution of their duties as Directors.

Ivor Findlay, the Chairman, has entered into a consultancy agreement with the Company as set out in this Section. For the first 6 months of the consultancy, Ivor Findlay, is required to provide services on a 4 day per week basis. During the last 18 months of the consultancy, Ivor Findlay, is required to provide his services as required by the Board. The Board may require him to work on the same terms as in the first 6 months. Under that agreement he is paid at the rate of \$200,000 per annum paid monthly for the first six month period he provides consultant services to the Company and thereafter for the remainder of his consultancy he is to be remunerated at the rate of \$200,000 per annum pro rata to the number of days he actually provides services to the Company. He is also entitled to the current standard commissions paid by Stockbrokers for broking and corporate activities.

Robin Armstrong, an Executive Director, has entered into a standard consulting agreement with Stockbrokers. Under that agreement he does not receive any fixed remuneration but is entitled to the current standard commissions paid by Stockbrokers for broking and corporate activities.

Richard Mollett, an Executive Director, is remunerated under an employment arrangement. Under that arrangement he is paid a salary of \$120,000 and is entitled to a bonus dependent upon his performance and profitability of the Group. For the year ending 30 June 2007 he has been paid a bonus of \$50,000.

The Company is required to disclose in its annual report details of remuneration to Directors.

## **Principle 9: Remunerate fairly and responsibly**

The Company is currently run by the Executive Directors, a small number of staff reporting to them and consultants and advisers. There is a standard consultancy agreement which consultants enter into with the Company. The small number of staff is remunerated on an individual basis.

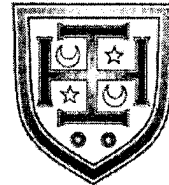
The Company is required to disclose in its annual report details of remuneration to Directors and the 5 highest key management personnel.

The Company has established an Employee Share Plan, the details of which are set out at page 52 of the Prospectus.

The Company considers that because of its size remuneration policy is a matter for the full Board and does not have a separate Remuneration Committee.

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## **Principle 10: Recognise the legitimate interest of stakeholders**

The Board recognises the need for Directors and employees to observe the highest standards of behaviour and business ethics when engaging in corporate activity. The Company intends to maintain a reputation for integrity. The Company's officers and employees are required to act in accordance with the law and with the highest ethical standards. Due to the small size of the Company and that it is managed by executive directors the Company has not established a formal Code of Conduct.



**Ivor Findlay**  
**Chairman**  
**2 July 2007**