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HAMILTON JAMES & BRUCE
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Additional disclosure in relation to compliance with ASX Corporate Governance Council Principles of Good Corporate Governance and Best Practice Recommendations as required by Listing Rule 4.10.3 in respect of the 2008 Annual Report

13 August 2009 - Set out below is Hamilton James & Bruce Group Limited's (**Company**) response to an ASX query in relation to its compliance with the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations (**Recommendations**). Following the ASX request, the Company provides this additional disclosure to the market to amplify the content of the 2008 Annual Report.

1 **Recommendation 3.1:**

Establish a code of conduct to guide the directors, the chief executive officer (or equivalent), the chief financial officer (or equivalent) and any other key executives as to:

3.1.1 the practices necessary to maintain confidence in the company's integrity;

3.1.2 the responsibility and accountability of individuals for reporting and investigating reports of unethical practice.

The Company has published a Code of Conduct (**Code**) in the Investor section of its website that sets out the guidelines for employees. The Code addresses such matters as Compliance with the Law, Honesty, Integrity and Proper Use of Position and Purpose. These ensure that confidence in the company's integrity is maintained.

The Code also encourages any employees to report breaches of the code and specifies that all reports will be investigated.

The directors are of the view that the Code binds non-executives as well as the CEO and CFO. The Code has been amended to reflect this.

Compliance with Recommendation 3.1: It is the view of the directors of the Company that the Code did apply to directors and accordingly, the Company was in compliance with Recommendation 3.1. However, in order to clarify this, the Code has been amended and it is the view of the directors of the Company that the Company is unambiguously in compliance with Recommendation 3.1.

2 **Recommendation 3.2**

Disclose the policy concerning trading in company securities by directors, officers and employees.

Trading in company securities by directors, officers and employees is governed by the Dealing with Securities Policy and Guidelines (**Trading Policy**). This document has been in existence since 21 June 2007 and has been promulgated to staff by way of HJB's internal online system (intranet) and publicly available since 13 August 2009.

Compliance with Recommendation 3.2: It is the view of the directors of the Company that the Company has not been in compliance with Recommendation 3.2 as the Trading Policy was not published. The Trading Policy was published on the Company's website on 13 August 2009 and it is the view of the directors of the Company that the Company has been in compliance with this recommendation since that date.

3 **Recommendation 3.3**

Provide the information indicated in the Guide to reporting on principle 3.

The Company has in place policies addressing Recommendations 3.1 and 3.2.

The Code is publicly available on the Company's website and has been since 13 August 2009. A statement regarding the availability of the Code was omitted in the Company's 2008 Corporate Governance Statement.

The Trading Policy has been publicly available since 13 August 2009.

Compliance with Recommendation 3.3: It is the view of the directors of the Company that the Company has not been in compliance with Recommendation 3.3. This was an oversight as the Trading Policy was well publicised internally. This has now been rectified.

4 **Recommendation 6.2**

Request the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

The Company's auditor, Manoj Santiago of PwC, was in attendance and available to answer shareholder questions at the most recent Annual General Meeting of the Company held on 18 November 2008.

It has been the Company's policy to have its auditor at its Annual General Meetings since it was listed, however this was omitted to be stated in the Company's 2008 Corporate Governance Statement.

Compliance with Recommendation 6.2: It is the view of the directors of the Company that the Company is in compliance with Recommendation 6.2, however the Company's 2008 Corporate Governance Statement failed to note this.

5 **Recommendation 7.1**

The board or appropriate board committee should establish policies on risk oversight and management.

The Company's Board Charter (**Board Charter**) is available on its website and ensures that adequate risk assessment reporting and control procedures are established and reviewed regularly.

The Company's Audit Committee, under its Charter has responsibility for monitoring financial and other risks. It is the responsibility of the Audit Committee to understand and review the actions of the Company, and in particular, specified areas of greatest risk, to ensure that risks are, minimised and mitigated to the extent possible.

The Audit Committee reviews the financial statements and reporting systems, the system of internal control and management of financial risks, the audit process and the company's process for monitoring compliance with laws and regulations and its own code of business conduct.

Compliance with Recommendation 7.1: It is the view of the directors of the Company that the Company is in compliance with Recommendation 7.1 and that this was adequately noted in the Company's 2008 Corporate Governance Statement.

6 **Recommendation 7.3**

Provide the information indicated in the Guide to reporting on Principle 7.

Risk management and internal compliance and control is primarily the responsibility of the audit committee. Please see our response in item 5 for more detail of the role of the Audit Committee.

The Charter of the Audit Committee is publicly available on the Company's website and has been since September 2008. A statement relating to the availability of the Charter was omitted in the Company's 2008 Corporate Governance Statement.

Compliance with Recommendation 7.3: It is the view of the directors of the Company that the Company is in compliance with Recommendation 7.3.

7 **Recommendation 10.1**

Establish and disclose a code of conduct to guide compliance with legal and other obligations to legitimate stakeholders.

The Code and Board Charter require compliance with certain obligations (including legal) and prescribe reporting requirements to ensure that these obligations are complied with.

Compliance with Recommendation 10.1: It is the view of the directors of the Company that the Company is in compliance with Recommendation 10.1 as these policies have been disclosed on the Company's website.

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7 August 2009

Mr Mohit Prasad
Company Secretary
Hamilton James & Bruce Group Limited
Exchange Centre
Level 12, 20 Bridge Street
Sydney NSW 2000

By Email

Dear Mr Prasad,

Hamilton James & Bruce Group Limited (the "Company")

We refer to the Company's annual report for the year ended 30 June 2008 ("Annual Report") and in particular to the Company's disclosures about its corporate governance practices.

Listing rule 4.10.3 requires that an entity include in its annual report:

> *"A statement disclosing the extent to which the entity has followed the best practice recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed all of the recommendations the entity must identify those recommendations that have not been followed and give reasons for not following them. If a recommendation had been followed for only part of the period, the entity must state the period during which it had been followed."*

ASX Markets Supervision (ASXMS) has reviewed the corporate governance disclosures in the annual reports of all entities. Upon our review of the Company's Annual Report, ASXMS could not identify a statement in the annual report confirming whether the Company had followed or not followed the following recommendations of the Council:

- Recommendations 3.1, 3.2, 3.3, 6.2, 7.1, 7.3 and 10.1.

ASXMS attaches particular importance to encouraging a consistently high standard of listed entities' disclosures about the Council's corporate governance recommendations.

ASXMS contacted the Company with regard to its disclosure in respect of the corporate governance recommendations following review of the Company's 2007 annual report. Either the Company agreed that it had not made the necessary disclosure in relation to the corporate governance recommendations or upon review by ASXMS it has been determined that adequate disclosure had not been made. ASXMS required the Company to confirm by letter that the Company's board was apprised of the fact that the corporate governance disclosure in the 2007 annual report was deficient for the purposes of complying with listing rule 4.10.3, and that the Company undertook to ensure that its disclosures under listing rule 4.10.3 in its annual report for the year ending 30 June 2008 would address whether the Company has adopted each one of the Council's recommendations, and, where the Company has not adopted one, given the Company's reasons for not having adopted that recommendation.

In light of the Company's non-disclosure in respect of the abovementioned corporate governance recommendations in its Annual Report, ASXMS requires that the Company make additional disclosure to the market in compliance with listing rule 4.10.3 about the extent to which the Company has followed or not followed each one of the recommendations of the Council.

The additional disclosure should be sent to me by e-mail at luxmy.wigneswaran@asx.com.au or by facsimile on facsimile number (02) 9241 7620. It should not be sent to the Company Announcements Office. This is requested as soon as possible and, in any event, not later than 9.30am A.E.S.T. on Friday, 14 August 2009.

Under listing rule 18.7A, a copy of this letter and the additional disclosure will be released to the market, so your response should be presented in a suitable form.

Should the Company fail to do so, ASXMS may consider suspending the Company's securities from quotation until the Company releases to the market a corporate governance statement that discloses the required information.

We remind you that (with the exception of Recommendation 4.2, the audit committee recommendation, which is mandatory for the top 300 entities under listing rule 12.7) reporting on the Company's corporate governance practices is on an "if not, why not" basis. The Company is not obliged to have adopted any particular recommendation of the Council, only to report on whether it has followed each recommendation, and, where it has not followed a recommendation, to give its reasons for not having adopted that particular recommendation.

If you have any queries about this letter, or about the Council's recommendations and the Company's reporting obligations in relation to those recommendations, please contact me immediately.

Yours sincerely,

(sent electronically without signature)

Lux Wigneswaran

Adviser, Issuers (Sydney)