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19 April 2005

Australian Stock Exchange Limited  
Level 6, Exchange Centre  
20 Bridge Street  
Sydney NSW 2000

Company Announcements

**REAL Brand Holdings Limited**  
**ACN 110 005 822**

The Company has recently updated its Corporate Governance Statement. Therefore please find attached Corporate Governance Statement, based on the principals of Good Corporate Governance and Best Practice Recommendations set by the Australian Stock Exchange ("ASX") Corporate Governance Council.

Yours sincerely

A handwritten signature in black ink, appearing to read 'D J Franks', with a long horizontal flourish extending to the right.

David Franks  
Company Secretary  
Real Brand Holdings Limited

## **CORPORATE GOVERNANCE STATEMENT**

The Board of Directors of REAL Brand Holdings Limited is responsible for the corporate governance of the Company. The Board monitors the business affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

The Board of Directors acknowledge the Principals of Good Corporate Governance and Best Practice Recommendations set by the Australian Stock Exchange ("ASX") Corporate Governance Council. However in view of the Company's current size and extent of nature of operations, full adoption of the recommendations is currently not practical. The Board will continue to work towards full adoption of the recommendations in line with growth and development of the Company in the years ahead. Where the Company's framework was different to the Principals of Good Corporate Governance and Best Practice Recommendations set by the Australian Stock Exchange ("ASX") Corporate Governance Council, it has been noted.

A summary of the current corporate governance practices as adopted by the Board are as follows:

### **The Board of Directors**

The board carries out its responsibilities according to the following mandate:

- The Board should comprise at least three directors, with at least two-thirds being non-executive directors;
- The Chairman of the board should be a non-executive director;
- The directors should possess a broad range of skills, qualifications and experience;
- The board should at least meet on a quarterly basis; and
- All available information in connection with items to be discussed at a meeting of the board shall be provided to each director prior to that meeting.

The primary responsibilities of the board include:

- The approval of the annual and half-yearly financial report;
- The establishment of the long term goals of the consolidated entity and strategic plans to achieve those goals;
- The review and adoption of annual budgets for the financial performance of the consolidated entity and monitoring the results on a quarterly basis;
- Ensuring that the consolidated entity has implemented adequate internal controls together with appropriate monitoring of compliance activities; and
- Ensuring that the consolidated entity is able to pay its debts as and when they fall due.

The Company discloses the curriculum vitae of each director in its Annual Report.

The function of Chairperson (Richard Poole) and Chief Executive Officer (Virginia Bruce) are separate.

Due to the size of the Company, the members of the Remuneration Committee and Nomination Committee are the same.

Due to the Company's current size and extent of nature of operations, the following departures from the Principals of Good Corporate Governance and Best Practice Recommendations have occurred:

- The majority of the Board should be independent. Presently the Board consists of two non-executive directors (Richard Poole and Phillip Suriano) and one executive director (Virginia Bruce). However as Richard Poole is a principal of Arthur Phillip Pty Ltd, a material professional adviser to the Company within the last three years, Richard Poole is not considered independent. Likewise, Virginia Bruce is a substantial shareholder and therefore not considered independent.

### **Independent Professional Advice**

With the prior approval of Chairman, each director has the right to seek independent legal and other professional advice at the consolidated entity's expense concerning any aspect of the consolidated entity's operations or undertaking in order to fulfil their duties and responsibilities as directors.

### **Ethical Standards**

The Board endeavours to ensure that the Directors, officers and employees of the Company act with integrity and observe the highest standards of behaviour and business ethics in relation to their corporate activities.

Specifically, that Directors, officers and employees must:

- Comply with the law
- Act in the best interests of the Company
- Be responsible and accountable for their actions, and
- Observe the ethical principles of fairness, honesty and truthfulness, including disclosure of potential conflicts.

### **Trading Policy**

The company's policy regarding directors and employees trading in its securities, is set by the finance committee. The policy restricts directors and employees from acting on material information until it has been released to the market and adequate time has been given for this to be reflected in the security's prices.

### **Audit & Finance Committee**

The board has established an audit and finance committee consisting of the following directors:

- Mr RJ Poole (Chairperson)
- Mr P Suriano

The names and qualifications of the directors in the Audit & Finance Committee and the number of meetings held are disclosed in the Annual Report.

The audit and finance committee provides a forum for the effective communication between the Board and external auditors. The committee reviews:

- The annual and half-yearly financial report prior to their approval by the Board;
- The effectiveness of management information systems and systems of internal control; and
- The efficiency and effectiveness of the external audit function.

The audit and finance committee invites the Chief Financial Officer, other directors and the external auditors to attend committee meetings on occasion. The audit and finance committee also meets with external auditors, as necessary, concerning any matters that arise in connection with the performance of their role, including the adequacy of internal controls. Given the significant involvement by the Board in the operations of the business during the year and in the restructuring that has occurred, it was not deemed necessary that the audit and finance committee meet during the financial year as all matters normally dealt with by the audit and finance committee were dealt with directly by the board.

The Audit & Finance Committee requests the Company's external auditor to attend the annual general meeting and be available to answer shareholder questions about conduct of the audit and the preparation and content of the auditors report.

Due to the Company's current size and extent of nature of operations, the following departures from the Principals of Good Corporate Governance and Best Practice Recommendations have occurred:

- The Audit & Finance Committee should consist of three members, the majority being independent and the Chairperson being independent and not the Chairperson of the Board. The committee only consists of two members, with the Chairperson being the Chairperson of the Board and as outlined in *The Board of Directors* Section, the directors are not considered independent.

### **Continuous Disclosure**

The Board and company secretary has been appointed as the person responsible for communications with the Australian Stock Exchange (ASX). This person is also responsible for ensuring the compliance with the continuous disclosure requirements in the ASX listing rules and overseeing and co-ordinating information disclosure to the ASX.

The Board and the Company Secretary are responsible for the communications strategy to promote effective communications with shareholders and encourage effective participation at general meeting. The Company adheres to best practice in its preparation of Notices of Meetings to ensure all shareholders are fully informed.

## Remuneration Committee / Nomination Committee

The Board has established a remuneration committee / nomination committee consisting of the following directors:

- Mr RJ Poole (Chairperson)
- Mr P Suriano

The remuneration committee reviews the remuneration policies applicable to all directors and executive officers on an as needed basis and makes recommendations on remuneration packages and terms of employment to the board. Remuneration packages, which consist of base salary, fringe benefits, incentive schemes (including performance-related bonuses), superannuation, and entitlements upon retirement or termination, are reviewed with due regard to performance and other relevant factors.

In order to retain and attract executives of sufficient caliber to facilitate the efficient and effective management of the consolidated entity's operations, the remuneration committee occasionally seeks the advice of external advisers in connection with the structure of remuneration packages.

Full remuneration disclosure, including superannuation entitlements, and the number of meetings of the Remuneration Committee is provided by the Company in its Annual Report. The Remuneration Committee ensures that all equity based executive remuneration is made within the guidelines set by plans approved by shareholders.

Due to the Company's current size and extent of nature of operations, the following departures from the Principals of Good Corporate Governance and Best Practice Recommendations have occurred:

- The Remuneration Committee should consist of three members, the majority being independent and chaired by an independent person. The committee only consists of two members and as outlined in *The Board of Directors* Section, the directors are not considered independent

The nomination committee considers the appointment and retirement of non-executive directors on a case by case basis. In doing so, the Board must take into account the requirements of Listing Rules and the Corporations Act 2001. Currently all Directors are required to be re-elected at least every three years and at least one-third of directors must retire at each annual general meeting. This process also includes ongoing evaluation of the performance of the Board and its individuals according to the goals, objectives and primary responsibilities of each director as outlined in *The Board of Directors* Section.

Due to the Company's current size and extent of nature of operations, the following departures from the Principals of Good Corporate Governance and Best Practice Recommendations have occurred:

- The Nomination Committee should consist of three members, the majority being independent. The committee only consists of two members and as outlined in *The Board of Directors* Section, the directors are not considered independent

## Risk Management

The Board is responsible for the consolidated entity's system of internal controls. The Board constantly monitors the operation and financial aspects of the consolidated entity's activities and considers the recommendations and advice of external auditors and other external advisers on the operations and financial risks that face the consolidated entity.

The Board ensures that recommendations made by the external auditors and other external advisers are investigated and, where considered necessary, appropriate action is taken to ensure that the consolidated entity has an appropriate internal control environment in place to manage the key risks identified.

In addition, the Board investigates ways of enhancing existing risk management strategies, including appropriate segregation of duties and the employment and training of suitably qualified and experienced personnel.

Due to the Company's current size and extent of nature of operations, the following departures from the Principals of Good Corporate Governance and Best Practice Recommendations have occurred:

- The Company does not have a full time chief financial officer and therefore statements are not obtained from such persons in relation to Best Practice Recommendation 4.1.

### **Code of Conduct**

As part of the Board's commitment to the highest standard of conduct, the consolidated entity adopts a code of conduct to guide executives, management and employees in carrying out their duties and responsibilities. The code of conduct covers such matters as:

- Responsibilities to shareholders;
- Compliance with laws and regulations;
- Relations with customers and suppliers;
- Ethical responsibilities;
- Employment practices; and
- Responsibilities to the environment and the community.