

17 December 2012

Charlotte Hope  
Senior Adviser, Listings Compliance  
ASX Compliance Pty Ltd  
20 Bridge St  
SYDNEY NSW 2000

Dear Charlotte

**Appendix 3X – Initial Director’s Interest Notice – John Cowan**  
**Appendix 3Y – Change of Director’s Interest Notice – James Kilkenny**

I refer to your letter dated 14 December 2012, which requested information in relation to lodgement of an Appendix 3X and an Appendix 3Y by SFG Australia Limited (SFW) with ASX on 12 December 2012.

**1. Late lodgement of Appendix 3X and Appendix 3Y**

The relevant Appendix 3X and Appendix 3Y were not lodged with ASX within the time required by ASX listing Rule 3.19A as a result of the following circumstances:

- The notifiable interest captured by the Appendix 3Y for James Kilkenny arose as a result of a joint trustee of the Kilkenny Rose Fund unilaterally transferring SFW shares into the Kilkenny Rose Fund, without the prior knowledge of Mr Kilkenny. Mr Kilkenny was alerted to the transfer by the Company on 11 December 2012 as a result of a routine review of significant movements in its share register, Mr Kilkenny sought to confirm the details of the trade with the joint trustee, and the Appendix 3Y noting his notifiable interest as joint trustee of the relevant fund was lodged on 12 December 2012.
- The notifiable interest captured by the Appendix 3X for John Cowan arose as a result of his appointment as an alternate director for the CEO and Managing Director Mr Tony Fenning, whilst Mr Fenning is on leave. At the time of his appointment, the Company did not consider that the lodgement of an Appendix 3X was necessary for an alternate director. The Company sought further legal advice on 12 December 2012 in relation to the appropriate interpretation of its lodgement obligations, and as a result, determined to lodge the Appendix 3X for Mr Cowan on that same day.

**2. Arrangements to ensure compliance with LR 3.19A**

The Company has specific arrangements in place to ensure that it is able to meet its continuous disclosure obligations under Listing Rule 3.19A, as follows:

- A Securities Trading Policy, which requires Directors and Senior Executives to provide notifications to the Company Secretary of an intention to trade and requires completed trades to be reported to the Company Secretary within three business days of the completion of the trade.
- Service Agreements, which require Directors to provide information to the Company Secretary in relation to changes in their notifiable interests, and all other information to enable the Company to comply with its disclosure obligations under LR 3.19A, as soon as possible, and in any event within 3 business days of the change.

It is noted that at all times both Mr Kilkenny and Mr Cowan have made genuine and good faith efforts to comply with both the Company's policies and their respective obligations under Listing rule 3.19A and section 205G of the Corporations Act.

### **3. Additional steps to ensure compliance with ASX LR 3.19A**

SFW believes that its policies and agreements with Directors are adequate and are being fully enforced. In the specific unusual circumstances outlined above, it is due to the focus on compliance with the disclosure obligations within the Company that the requirement to lodge was established and complied with promptly and without delay.

Yours faithfully,

A handwritten signature in black ink, appearing to be 'Linda Fox', written over a circular stamp or mark.

Linda Fox  
Company Secretary



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14 December 2012

Linda Fox  
Company Secretary  
SFG Australia Limited  
Level 18  
50 Bridge St  
Sydney NSW 2000

By Email

Dear Linda,

**SFG AUSTRALIA LIMITED (the "Company")**

We refer to the following;

1. The Appendix 3X lodged by the Company with ASX on 12 December 2012 for John Cowan ("Appendix 3X"); and
2. The Appendix 3Y lodged by the Company with ASX on 12 December 2012 for James Kilkenny ("Appendix 3Y") (together the "Directors' Notices");
3. Listing rule 3.19A which requires an entity to tell ASX the following:
  - 3.19A.1 *The notifiable interests of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) at the following times.*
    - *On the date that the entity is admitted to the official list.*
    - *On the date that a director is appointed.**The entity must complete Appendix 3X and give it to ASX no more than 5 business days after the entity's admission or a director's appointment.*
  - 3.19A.2 *A change to a notifiable interest of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) including whether the change occurred during a closed period where prior written clearance was required and, if so, whether prior written clearance was provided. The entity must complete Appendix 3Y and give it to ASX no more than 5 business days after the change occurs.*
  - 3.19A.3 *The notifiable interests of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) at the date that the director ceases to be a director. The entity must complete Appendix 3Z and give it to ASX no more than 5 business days after the director ceases to be a director.*
4. Listing rule 3.19B which states as follows.



*An entity must make such arrangements as are necessary with a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) to ensure that the director discloses to the entity all the information required by the entity to give ASX completed Appendices 3X, 3Y and 3Z within the time period allowed by listing rule 3.19.A. The entity must enforce the arrangements with the director.*

5. The Companies Update dated 27 June 2008, reminding listed entities of their obligation to notify ASX within 5 business days of the notifiable interests in securities held by each director and outlining the action that ASX would take in relation to breaches of listings rules 3.19A and 3.19B.

As the Appendix 3X indicated that the director was appointed on 27 November 2012 it appears that the Appendix 3X should have been lodged with ASX by 4 December 2012. As the Appendix 3X was lodged on 12 December 2012, it appears that the Company may be in breach of listing rules 3.19A and/or 3.19B.

The Appendix 3Y indicated that a change in the Director's notifiable interest occurred on 28 November 2012. It appears that the Appendix 3Y should have been lodged with ASX by 5 December 2012. Consequently, the Company may be in breach of listing rules 3.19A and/or 3.19B.

Please note that ASX is required to record details of breaches of the listing rules by listed companies for its reporting requirements.

ASX reminds the Company of its contract with ASX to comply with the listing rules. In the circumstances ASX considers that it is appropriate that the Company make necessary arrangements to ensure there is not a reoccurrence of a breach of the listing rules.

Having regard to listing rules 3.19A and 3.19B and Guidance Note 22: "Director Disclosure of Interests and Transactions in Securities - Obligations of Listed Entities", we ask that you answer each of the following questions:

1. Please explain why the Directors' Notices were lodged late.
2. What arrangements does the Company have in place with its directors to ensure that it is able to meet its disclosure obligations under listing rule 3.19A?
3. If the current arrangements are inadequate or not being enforced, what additional steps does the Company intend to take to ensure compliance with listing rule 3.19B?

Your response should be sent to me by e-mail at [charlotte.hope@asx.com.au](mailto:charlotte.hope@asx.com.au) or by facsimile on facsimile number (02) 9241 7620. It should not be sent to the Market Announcements Office.

A response is requested as soon as possible and, in any event, not later than half an hour before the start of trading (ie before 9.30 a.m. A.E.D.T.) on **Tuesday, 18 December 2012.**

Under listing rule 18.7A, a copy of this query and your response will be released to the market, so your response should be in a form suitable for release and should separately address each of the questions asked. If you have any queries or concerns, please contact me immediately.



Yours sincerely

*[Sent electronically without signature]*

Charlotte Hope

**Senior Adviser, Listings Compliance (Sydney)**