



Findlay
SECURITIES LIMITED

ASX Release

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24 February 2009

FINANCIAL RESULTS - HALF YEAR ENDED 31 DECEMBER 2008

Findlay Securities Limited (ASX: FDY; "Findlay") today announces its Half Yearly results to 31 December 2008.

Please find attached for immediate release to the market:

1. ASX Appendix 4D Half Year Report; and
2. Condensed Financial Report and Directors' Report for the Half Year Ended 31 December 2008.

For further details please contact:

Otto Buttula
Executive Chairman
Findlay Securities Limited
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Findlay Securities Limited (ASX: FDY)

A.B.N. 87 124 891 685

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Findlay Securities Limited

ACN 124 891 685

Appendix 4D Half-Year Report – 31 December 2008

Lodged with the ASX under Listing Rule 4.2A

This report is to be read in conjunction with the annual report for the year ended 30 June 2008 and any public announcements made by Findlay Securities Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Contents

- Results for announcement to the market (Appendix 4D Items 1 to 2)
- Other Appendix 4D information (Appendix 4D Items 3 to 9)
- Half-Year Report

About Findlay Securities:

Findlay Securities Limited (ASX: FDY) is the holder of multiple Australian Financial Service Licences authorising it to provide a wide range of financial services including operating as a stockbroker, providing institutional, high net worth and private client dealing. Commencing operations in 1996, the Company is also able to provide a wide range of corporate services such as mergers and acquisitions, corporate finance, company valuations, corporate structuring and fund raising activities such as sponsoring and underwriting share issues, share placements and underwriting of option exercises. Findlay Securities Limited listed on the ASX in July 2007 and on 15 December 2008 assumed control of another listed stockbroker, Aequus Capital Limited (ASX: AQE).



Findlay Securities Limited

ACN 124 891 685

Reporting period: Half-year ended 31 December 2008

(Previous corresponding period: Half-year ended 31 December 2007)

Results for announcement to the market

	Period to 31 December 2008 \$'000		Period to 31 December 2007 \$'000		% Change
Revenue from ordinary activities	3,121	from	7,289	Decreased	57%
Loss from ordinary activities after tax attributable to members	(304)	from	(147)	Increased	107%
Net loss for the half-year attributable to members	(304)	from	(147)	Increased	107%

Dividends

It is not proposed to pay a dividend.

Explanation of result

Refer to the attached Directors' Report and review of operations for further explanation of Findlay's financial highlights and milestones achieved.

Other Appendix 4D information

	<u>31 December 2008</u>	<u>31 December 2007</u>
Net tangible assets per ordinary share	\$0.05	\$0.07

Entities acquired/disposed of during the period.

Details of controlled entities acquired, refer to Note 9 of the financial statements.

Review

The report is based on accounts which have been reviewed by the company's auditors, Nexia Court & Co.



Findlay Securities Limited

ACN 124 891 685

Half-Year Financial Report

for the six months ended 31 December 2008

Corporate Information

ACN 124 891 685

Directors

Mr Otto Buttula
Mr Robert Bishop
Mr Darren Pettiona
Mr Robert Spano

Company Secretary

Mr Richard Mollett

Registered Office and Principal Place of Business

Level 11, 7 Macquarie Place
Sydney NSW 2000

Share Registry

Registries Limited
Level 7, 207 Kent Street
Sydney NSW 2000

Findlay Securities Limited shares are listed on the Australian Securities Exchange (ASX Code: FDY).

Solicitors

Middletons
Level 25 South Tower
525 Collins Street
Melbourne VIC 3000

Auditors

Nexia Court & Co
Level 29 Australia Square
264 George Street
Sydney NSW 2000

Internet Address

www.findlay.com.au

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Directors' Report

Your directors submit their report for the half-year ended 31 December 2008.

DIRECTORS

The names and details of the company's directors in office during the half-year and until the date of this report are as follows.

	Appointed	Resigned
Mr Otto Buttula	15 August 2008	-
Mr Darren Pettiona	15 August 2008	-
Mr Robert Bishop	10 October 2008	-
Mr Robert Spano	12 January 2009	-
Mr Ivor Findlay	13 April 2007	10 October 2008
Mr Richard Mollett	13 April 2007	15 August 2008
Mr James Beecher	13 April 2007	10 October 2008
Mr Robin Armstrong	13 April 2007	10 October 2008
Company Secretary:		
Mr Richard Mollett	13 April 2007	-

REVIEW AND RESULTS OF OPERATIONS

Financial Results

The consolidated group, which comprises Findlay Securities Limited and its controlled entities ("the company") made a net loss after tax of (\$304,258) for the six months ending 31 December 2008.

This result includes an income tax benefit of \$795,995 and a share based payments expense of (\$265,865).

Total revenue for the six months ending 31 December 2008 fell by 57% to \$3,121,162 of which brokerage contributed \$2,287,191.

EVENTS AFTER THE BALANCE SHEET DATE

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the company, to significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

OUTLOOK AND REVIEW OF OPERATIONS

The past six months of the financial year has been a tumultuous and challenging one as a result of the financial crisis and recession fears in the United States of America and the greater developed economies of the world and this has not kept Australia immune from this crisis. The S&P/ASX 200 Index has dropped almost 50% in the past twelve months and as a result retail and institutional client confidence has fallen to a record low, contributing to a significant decrease in the company's half-year brokerage and corporate revenues to 31 December 2008 compared to the comparative half-year to 31 December 2007.

In order to counter falling revenues and further deterioration in equity markets, the company after purchasing 15% equity ownership in a special off-market crossing, followed up with an off-market scrip takeover offer for all of the remaining shares in Aequus Capital Limited on 11 November 2008, gaining control on 15 December 2008. The creation of the combined business will extract financial and operational synergies in Findlay and Aequus' businesses, thereby providing a more robust platform for stronger, long-term earnings potential, a stronger capital base, diversification of revenues, an improved management base and compliance of business activities, leading to potentially more attractive future growth prospects and consequently stronger stakeholder returns.

AUDITOR INDEPENDENCE

We have obtained the independence declaration from our auditors, Nexia Court & Co, a copy of which is included in the half year financial report at page 3.

Signed in accordance with a resolution of the directors.



Otto Buttula
Executive Chairman,
Sydney 23 February 2009

**LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE
CORPORATIONS ACT 2001**

To the directors of Findlay Securities Limited

In relation to our review of the financial report of Findlay Securities Limited for the half-year ended 31 December 2008, to the best of my knowledge and belief there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

Nexia Court & Co

Nexia Court & Co
Chartered Accountants

Sydney, 24th February 2009



Andrew Hoffmann
Partner

Partners

Stephen J Rogers
Ian D Stone
Paul W Lenton
Neil R Hillman
Stephen W Davis
David M Gallery
Robert A McGuinness
Kirsten Taylor-Martin
Andrew S Hoffmann
Graeme J Watman
David R Cust
Craig J Wilford
Sean P Urquhart
Robert Mayberry
Russell Reid

NEXIA COURT & CO. IS A MEMBER OF
NEXIA INTERNATIONAL - A WORLDWIDE
NETWORK OF INDEPENDENT ACCOUNTING
AND CONSULTING FIRMS.



LIABILITY LIMITED BY A
SCHEME APPROVED UNDER
PROFESSIONAL STANDARDS
LEGISLATION.

Condensed Income Statement

HALF-YEAR ENDED 31 DECEMBER 2008

Notes

CONSOLIDATED
31 December 2008 31 December 2007
\$ \$

Revenue			
Brokerage		2,287,191	5,322,520
Corporate		11,475	1,196,277
Share trading		343,084	238,014
Interest and other revenue	3	479,412	532,310
		3,121,162	7,289,121
Expenses			
ASX expenses		306,736	564,748
Clearing expenses		429,977	1,324,792
Salaries and employee benefits expense	3	782,463	928,846
Consultant fees		1,211,017	3,073,408
Depreciation	3	12,000	12,000
Information services		186,869	181,525
Rent	3	122,000	132,342
Other expenses		1,170,353	985,602
		4,221,415	7,203,263
(Loss)/Profit before tax		(1,100,253)	85,858
Income tax (benefit)/expense		(795,995)	232,729
Loss after income tax		(304,258)	(146,871)
Loss for the half year attributable to members of Findlay Securities Limited.		(304,258)	(146,871)
Basic loss per share (cents per share) for the period, attributable to ordinary equity members of Findlay Securities Limited		(0.39)	(0.27)
Diluted loss per share (cents per share) for the period, attributable to ordinary equity members of Findlay Securities Limited		(0.39)	(0.27)

The accompanying notes form part of these financial statements.

Condensed Balance Sheet

AS AT 31 DECEMBER 2008

Notes

CONSOLIDATED
As at
31 December
2008
\$

As at
30 June
2008
\$

ASSETS				
Current Assets				
Cash and cash equivalents		7,160,689	1,285,769	
Trade and other receivables	4	8,286,420	1,308,578	
Financial assets at fair value through profit or loss		380,121	727,906	
Financial assets available for sale		175,000	-	
Other current assets		154,327	-	
Total Current Assets		16,156,557	3,322,253	
Non-Current Assets				
Plant and equipment		87,479	33,323	
Deferred tax assets		1,234,360	451,206	
Intangible assets	9	2,868,210	-	
Other non-current assets		25,192	25,192	
Total Non-Current Assets		4,215,241	509,721	
Total Assets		20,371,798	3,831,974	
LIABILITIES				
Current Liabilities				
Trade and other payables	5	9,486,120	1,022,341	
Provisions		152,741	77,543	
Current tax liabilities		-	80,392	
Total Current Liabilities		9,638,861	1,180,276	
Non-Current Liabilities				
Provisions		12,436	-	
Total Non-Current Liabilities		12,436	-	
Total Liabilities		9,651,297	1,180,276	
Net Assets		10,720,501	2,651,698	
EQUITY				
Contributed equity	7	14,064,408	5,722,209	
Equity reserve		265,865	235,003	
Retained losses		(3,609,772)	(3,305,514)	
Total Equity		10,720,501	2,651,698	

The accompanying notes form part of these financial statements.

Condensed Statement of Changes in Equity

HALF-YEAR ENDED 31 DECEMBER 2008

CONSOLIDATED

	Contributed equity	Reserves	Retained profits	Total
As at 1 July 2008	5,722,209	235,003	(3,305,514)	2,651,698
Loss for the period	-	-	(304,258)	(304,258)
Total income and expense for the period	-	-	(304,258)	(304,258)
Shares issued – business acquisitions	6,753,204	-	-	6,753,204
Shares issued – placement	1,053,992	-	-	1,053,992
Shares issued - exercise of options	300,000	-	-	300,000
Equity reserve transferred to contributed equity	235,003	(235,003)	-	-
Share-based payment reserve	-	265,865	-	265,865
s at 31 December 2008	14,064,408	265,865	(3,609,772)	10,720,501
As at 1 July 2007	1,000	-	4,172	5,172
Loss for the period	-	-	(146,871)	(146,871)
Transaction costs on share issue	(512,160)	-	-	(512,160)
Total income and expense for the period	(512,160)	-	(146,871)	(659,031)
Shares issued – subsidiary acquisitions	900,475	-	-	900,475
Shares issued – business acquisitions	330,000	-	-	330,000
Shares issued – initial public offering	3,000,000	-	-	3,000,000
Share based payment	682,498	-	-	682,498
As at 31 December 2007	4,401,813	-	(142,699)	4,259,114

The accompanying notes form part of these financial statements.

Condensed Cash Flow Statement

HALF-YEAR ENDED 31 DECEMBER 2008

Notes

CONSOLIDATED
31 December **31 December**
2008 **2007**
\$ **\$**

Cash flows from operating activities		
Receipts from customers	3,850,938	6,235,414
Payments to suppliers and employees	(4,277,096)	(4,895,131)
Interest received	35,465	64,716
Income taxes paid	(80,899)	(118,040)
Net cash from operating activities	(471,592)	1,286,959
Cash flows from investing activities		
Net purchase of financial assets	-	(1,730,055)
Acquisition of subsidiary, net of cash acquired	5,065,027	-
Net cash flows used in investing activities	5,065,027	(1,730,055)
Cash flows from financing activities		
Payment for shares sold into IPO by Arkwright Developments	-	(4,000,000)
Refund of IPO oversubscriptions	-	(660,000)
Payment of share issue costs	(72,507)	(295,715)
Proceeds from share placement	1,353,992	-
Net cash flows used in financing activities	1,281,485	(4,955,715)
Net increase / (decrease) in cash and cash equivalents	5,874,920	(5,398,811)
Cash and cash equivalents at beginning of period	1,285,769	7,664,018
Cash and cash equivalents at end of period	7,160,689	2,265,207

The accompanying notes form part of these financial statements.

Notes to the Half-Year Financial Statements

HALF-YEAR ENDED 31 DECEMBER 2008

1. CORPORATE INFORMATION

The financial report of Findlay Securities Limited, for the half-year ended 31 December 2008 was authorised for issuance in accordance with a resolution of the directors on 23 February 2009. Findlay Securities Limited is a Victorian incorporated company, domiciled in Sydney, Australia and is limited by shares, which are publicly traded on the Australian Securities Exchange.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half-year financial report should be read in conjunction with the annual Financial Report of Findlay Securities Limited as at 30 June 2008.

It is also recommended that the half-year financial report be considered together with any public announcements made by Findlay Securities Limited and its controlled entity during the half-year ended 31 December 2008 in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001*.

a) Basis of preparation

The half-year consolidated financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, applicable Accounting Standards including AASB 134 *Interim Financial Reporting* and other mandatory professional reporting requirements.

The half-year financial report is presented in Australian dollars and has been prepared on an historical cost basis.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

b) Significant accounting policies

The half-year consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2008.

c) Basis of consolidation

The half-year consolidated financial statements comprise the financial statements of Findlay Securities Limited and its subsidiaries as at 31 December 2008 ('the Entity', 'the Group' or 'Findlay Securities Limited').

Subsidiaries are consolidated from the date on which control is transferred to the consolidated entity. Findlay Securities Limited gained control of Aequus Capital Limited on 15 December 2008 and has been consolidated into Findlay Securities Limited for the half year ending 31 December 2008. Also, Findlay & Co Stockbrokers Limited, Findlay & Co Stockbrokers (Underwriters) Pty Limited and Captain Starlight Nominees Pty Limited have been consolidated into the Group.

d) Changes in accounting policies

Certain Australian Accounting Standards have recently been issued or amended but are not yet effective and have not been adopted by the company for the interim reporting period. The directors have not yet assessed the impact of these new or amended standards (to the extent relevant to the group) and interpretations.

e) Estimates

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

Except as described below, in preparing this consolidated interim financial report, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 30 June 2008.

Notes to the Half-Year Financial Statements (cont'd)
HALF-YEAR ENDED 31 DECEMBER 2008

	CONSOLIDATED	
	31 December 2008	31 December 2007
	\$	\$
3. Revenues and Expenses		
Interest and Other Revenue		
Finance revenue – bank interest	35,565	108,647
Client interest and debt recovery	443,947	423,663
	479,512	532,310
Expenses		
(a) Depreciation and amortisation		
Depreciation – plant and equipment	12,000	12,000
(b) Operating Lease rental		
Minimum sub-lease payments	122,000	132,342
(c) Salaries and employee benefits expense		
Share based payments	265,865	682,498
Employee provision	45,130	14,038
Salaries	471,468	232,310
	782,463	928,846
	31 December 2008	30 June 2008
	\$	\$
4. Trade and Other Receivables		
Current		
Client and dealer balances	7,748,200	-
Other debtors	538,220	1,308,578
	8,286,420	1,308,578
Due to the acquisition of Aequus Capital Limited, there has been a substantial movement in the trade and receivables balances as at 31 December 2008 compared to 30 June 2008. The subsidiary, Aequus Securities Pty Limited (ASX market participant) performs its own in-house settlement with the Australian Clearing House.		
5. Trade and Other Payables		
Current		
Client and dealer balances	8,739,834	-
Other payables	746,286	1,022,341
	9,486,120	1,022,341
Due to the acquisition of Aequus Capital Limited, there has been a substantial movement in the trade and other payables balances as at 31 December 2008 compared to 30 June 2008. The subsidiary, Aequus Securities Pty Limited (ASX market participant) performs its own in-house settlement with the Australian Clearing House.		

Notes to the Half-Year Financial Statements (cont'd)

HALF-YEAR ENDED 31 DECEMBER 2008

6. Share-based payment plans

The Group provides benefits to employees (including Directors) in the form of share-based payments, whereby services are rendered in exchange for shares (equity settled transactions) under the Group's Employee Share Plan ("the Plan" or "ESP").

On 1 July 2008, 1,566,688 \$0.15 shares were issued to Key Management Personnel (including Directors) and other employees under the ESP. The shares issued were fully vested and the fair value of such services has been recognised immediately at grant date. The fair value of the share based payments expense is \$235,003 was fully reflected in the net loss for the twelve months ending 30 June 2008. This has been recognised in the contributed equity of the company upon issue of the shares transferred from the share based payments reserve. Refer Note 7.

The terms and conditions of the option grants made during the six months ended 31 December 2008 are as follows:

Grant date	Number of instruments	Vesting conditions	Contractual life of options
Options granted at 15 August 2008	10,000,000	Various including continuous current arrangement and market and non-market performance hurdles	1 - 5 years

Fair value of share options and assumptions for the six months ended 31 December 2008:

Average fair value at grant date	0.027
Share price	0.140
Exercise price	0.120
Expected volatility (expressed as weighted average volatility used in the modelling under binomial lattice model)	60% - 80%
Option life (expressed as weighted average life used in the modelling under binomial lattice model)	1 - 4.5 years
Risk free interest rate (based on government bonds)	5.7% - 5.8%

The basis of measuring fair value is consistent with that disclosed in the consolidated financial report as at and for the year ended 30 June 2008.

	CONSOLIDATED		CONSOLIDATED	
	31 December 2008	31 December 2007	31 December 2008	31 December 2007
	Number of shares		\$	
7. Contributed equity				
(a) Issued and paid up capital				
Shares, fully paid	162,620,373	54,462,489	5,722,209	4,401,813
	162,620,373	54,462,489	5,722,209	4,401,813
(b) Movements in shares on issue				
Ordinary Shares, fully paid				
Beginning of the half year	65,013,308	5,000	5,722,209	1,000
Issued on 2 July 2007 for subsidiary acquisitions	-	34,995,000	-	900,475
Issued on 2 July 2007 for IPO new shares	-	15,000,000	-	3,000,000
Issued on 2 July 2007 for business sale agreements	-	1,050,000	-	330,000
Issued on 2 July 2007 for Employee Share Plan (ESP)	-	3,412,489	-	682,498
Transactions costs	-	-	-	(512,160)
Issued on 1 July 2008 for joint venture purchase and for Employee Share Plan	1,866,688	-	235,003	-
Issued on 23 October 2008 for Share Placement	8,825,333	-	1,053,992	-
Issue of shares on exercise of options on 23 October 2008	2,500,000	-	300,000	-
Issue of shares to Aequus Capital Ltd shareholders	84,415,044	-	6,753,204	-
End of the half-year	162,620,373	54,462,489	14,064,408	4,401,813

Notes to the Half-Year Financial Statements (cont'd)

HALF-YEAR ENDED 31 DECEMBER 2008

8. Contingent Liabilities

Since the last annual reporting date and to 31 December 2008, there has been no material change of any contingent liabilities or contingent assets as reported in the 30 June 2008 annual report except for:

Regulatory Agency Inquiries

As at last annual report date the company was the subject of ongoing regulatory enquiries in the course of its ordinary business from which it may derive sanctions, including fines of unknown amounts. In the last six months findings have been provided by the regulatory agency to the company; however a fine has not yet been finalised as at the date of this report.

As a result of the 100% acquisition of Aequus Capital Limited and its controlled entities on 15 December 2008 the following contingent liability has been noted:

ozEcom Limited

On 3 August 2007 and 13 December 2007, in the Supreme Court of NSW, Justice McDougall delivered judgments (“**Judgment**”) in the case of ozEcom & Anor (“**the Plaintiffs**”) v Hudson Investment Group & Ors in which Aequus Securities Pty Limited (“**Aequus**”) was the Second Defendant. The effect of the Judgment was that all claims against Aequus were dismissed, with an order for the Plaintiffs to pay Aequus’ costs.

On 20 December 2007, the Plaintiffs filed a Notice of Appeal without Appointment, which together with a prior grant of extension of time, gave the Plaintiffs until 20 March 2008 to lodge a formal appeal with particulars.

On 20 March 2008, the Plaintiffs filed a formal Notice of Appeal in the Supreme Court of New South Wales Court of Appeal seeking orders that various components of the Judgment be set aside and replaced with alternative orders in favour of the Plaintiffs.

The next court hearing will be held on 16th and 17th of March 2009.

Aequus continues to believe that the case against it has no merit and will vigorously contest the Appeal.

9. Business Combinations

On 15 December 2008, Findlay Securities Limited gained control of Aequus Capital Limited and its controlled entities (ASX code: “AQE”) by way of an off-market takeover bid scrip offer (11 Findlay Securities Limited shares for every 4 Aequus Capital Limited shares), as detailed in the Bidders Statement.

Aequus Capital Limited’s 100% controlled subsidiaries are, Aequus Securities Pty Limited (Australian Securities Exchange Market Participant), Aequus Corporate Pty Ltd, Kardinia Nominees Pty Limited and HTH Nominees Pty Limited. Aequus provides a wide range of services including institutional and retail equity services, options advisory and private client services.

The acquisition of Aequus Capital Limited by Findlay Securities Limited is calculated as being for a total consideration of \$8,175,539 for 100% ownership and including costs of acquisition of \$85,507. In accordance with AASB 3, Findlay has been identified for accounting purposes as the acquirer in the business combination of Findlay and Aequus. Accordingly the fair value of the consideration has been determined by Findlay and Findlay is required to measure Aequus’ identifiable assets, liabilities and contingent liabilities at their fair value as at the date of acquisition that is 15 December 2008.

The acquired business did not contribute to the revenue or net profit of the Company for the period from 1 July 2008 to 31 December 2008.

Notes to the Half-Year Financial Statements (cont'd)**HALF-YEAR ENDED 31 DECEMBER 2008****9. Business Combinations (Continued)****Calculation of Goodwill on Acquisition of Aequus Capital Limited**

For the purposes of the preparation of the Combined Balance Sheet:

The Directors have allocated the excess of the fair value of the consideration over the fair value of the identifiable assets, liabilities and contingent liabilities acquired of \$2,868,210 for 100% to goodwill. For the purpose of the preparation of the Combined Balance Sheet no deferred tax has been recorded in respect of the goodwill arising on the business combination consistent with the requirements of AASB 3. On completion of the detailed fair value exercise by 30 June 2009, certain intangible assets may be identified and recorded separately to goodwill. This may also result in the recognition of additional deferred tax liabilities. Further, any intangible assets with a finite life identified in the business combination will be required to be amortised over their useful lives.

The goodwill is attributable to the expected future cash flows of the business associated with the collective experience and skills of management and staff and the synergies expected to be achieved as a result of the full integration of Aequus Capital Limited into the Findlay Securities Limited.

The net assets acquired in this business combination are as follows:

	Carrying amount before business combination	Fair Value Adjustments	Fair Value
Net assets acquired			
Cash and cash equivalents	6,401,855	-	6,401,855
Receivables	7,751,735	-	7,751,735
Property, plant and equipment	66,156	-	66,156
Deferred tax assets	37,863	-	37,863
Other assets	261,156	-	261,156
Trade and other payables	(9,137,522)	-	(9,137,522)
Provision for employee liabilities	(73,914)	-	(73,915)
Total fair value	<u>5,307,329</u>		<u>5,307,329</u>
Goodwill			<u>2,868,210</u>
			<u>8,175,539</u>
Satisfied by:-			
- Cash			1,336,828
- Shares in Findlay Securities Limited			6,753,204
- Acquisition cost			85,507
Total consideration			<u>8,175,539</u>
Consideration paid, satisfied in cash			1,336,828
Cash acquired			(6,401,855)
Net cash inflow			<u>(5,065,027)</u>

The financial effects of the above transaction have been brought to account at 15 December 2008. The assets and liabilities have been fully consolidated from 15 December 2008.

10. Segment information**(a) Segment products and locations**

The Company operates in one industry segment, which is stockbroking, and in one geographical segment, which is Australia.

Directors' Declaration

In accordance with a resolution of the directors of Findlay Securities Limited, I state that:

In the opinion of the directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
 - (i) give a true and fair view of the financial position as at 31 December 2008 and of the performance for the half-year ended on that date of the consolidated entity; and
 - (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Otto Buttula
Executive Chairman,
Sydney, 23rd February 2009

**INDEPENDENT AUDITORS' REVIEW REPORT TO THE MEMBERS
OF FINDLAY SECURITIES LIMITED**

Report on the financial report

We have reviewed the accompanying interim financial report of Findlay Securities Limited (the 'Company'), which comprises the condensed balance sheet as at 31 December 2008, and the condensed income statement, condensed statement of changes in equity, and condensed cash flow statement for the half-year ended on that date, a statement of significant accounting policies, other explanatory notes, and the directors' declaration, of the group comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the interim financial report in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the interim financial report that is free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Company's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Findlay Securities Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Findlay Securities Limited is not in accordance with the *Corporations Act 2001*, including:

- i giving a true and fair view of the Company's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
- ii complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Nexia Court & Co

Nexia Court & Co
Chartered Accountants

Sydney, 24th February 2009

AM

Andrew Hoffmann
Partner

Partners

Stephen J Rogers
Ian D Stone
Paul W Lenton
Neil R Hillman
Stephen W Davis
David M Gallery
Robert A McGuinness
Kirsten Taylor-Martin
Andrew S Hoffmann
Graeme J Watman
David R Cust
Craig J Wilford
Sean P Urquhart
Robert Mayberry
Russell Reid

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