

DISCLOSURE STATEMENT

Direct Broking Limited (“Direct Broking”)

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DISCLOSURE INFORMATION

Direct Broking is a wholly owned subsidiary of ANZ National.

Direct Broking (in respect of itself and its principal officers) makes the following investment adviser disclosure to you pursuant to section 41A of the Securities Markets Act 1988.

Direct Broking (in respect of itself and its principal officers) makes the following investment broker disclosure to you as required by section 41G of the Securities Markets Act 1988.

QUALIFICATIONS, EXPERIENCE AND PROFESSIONAL STANDING

Experience

Direct Broking has NZX designation as a Market Participant and has been accredited by NZX to participate in the markets provided by NZX, and, through its staff, is an experienced and well qualified share broker.

As part of its broking business, Direct Broking may provide investment advice about securities. Direct Broking is represented on finance and investment related organisations and keeps abreast of relevant issues

by running seminars and workshops for relevant staff and having its investment adviser staff attend external seminars where appropriate. Direct Broking subscribes to relevant industry publications and, where appropriate, its investment advisers will monitor the financial markets.

Relevant professional body

Direct Broking is a member of the following professional bodies relevant to the provision of investment advice:

- New Zealand Exchange Limited; and
- Securities Industry Association.

Professional indemnity insurance

Direct Broking, through its ultimate parent company Australia and New Zealand Banking Group Limited, has professional indemnity insurance which covers its activities including those of investment advisers it employs.

This insurance covers issues (including 'prior acts') arising from staff fraud, electronic crime, documentary fraud and physical loss of property.

The scope of the insurance also extends to third party civil claims, including those for negligence. The level of cover is of an amount commensurate with the size and scale of the ANZ National group of companies (“ANZ Group”), which includes Direct Broking. The insurer is ANZcover Insurance Pty Limited.

Dispute resolution facilities

Direct Broking has an internal complaints process in place. This process has been established so that your complaint is dealt with efficiently and fairly. Complaints are monitored in an endeavour to improve the quality of

our products and services. If any dispute arises between you and Direct Broking both parties must try to resolve the dispute through good faith negotiations. If the parties are unable to resolve the dispute through good faith negotiations within five business days of the dispute arising, the matter may be referred by either party (by written notice to the other party) to and determined by the arbitration of a single arbitrator, if the parties can agree upon one within 14 days of the decision to refer the matter to an arbitrator, or failing such agreement, by two arbitrators (one to be appointed by us and one by you) and otherwise the arbitration will be conducted in accordance with the Arbitration Act 1996.

CRIMINAL CONVICTIONS

In the five years before the relevant investment advice is given none of Direct Broking (in its capacity as an investment adviser and where applicable as an investment broker) or any principal of Direct Broking has been:

- convicted of an offence under the Securities Markets Act 1988, or the Securities Act 1978 or of a crime involving dishonesty (as defined in section 2(1) of the Crimes Act 1961);
- a principal officer of a body corporate when that body corporate committed an offence or crimes involving dishonesty as described above;
- adjudicated bankrupt;
- prohibited by an Act or by a court from taking part in the management of a company or a business;
- subject of an adverse finding by a court in any proceeding that has been taken against them in their professional capacity;
- expelled from or has been prohibited from being a member of a professional body; or
- placed in statutory management or receivership.

FEES

At the time of providing this disclosure statement it is not practicable to provide accurate disclosure of the fees payable for all securities that may be advised on. However, this information will be disclosed to you should you seek investment advice from one of Direct Broking's Investment Advisers on a specific security.

OTHER INTERESTS AND RELATIONSHIPS

Investment Adviser

The Investment Adviser may receive payments or other benefits from Direct Broking in addition to his or her salary that are linked to various internal performance criteria, including the provision of investment advice and the sale of securities. Accordingly, by giving investment advice to you, the Investment Adviser may increase the likelihood of his or her receiving, and/or the amount of, such payments. It is not practicable to calculate the amounts or rates of such payments.

Other than the Investment Adviser's employment with Direct Broking and the remuneration received by the Investment Adviser from Direct Broking, neither the Investment Adviser nor an associated person of the

Investment Adviser has, or will or may have, any interest or relationship that a reasonable person would find reasonably likely to influence the Investment Adviser in providing the investment advice.

Direct Broking

When a security is sold or placed by Direct Broking, Direct Broking may receive a commission, either from the issuer of a security or from an associated person of Direct Broking. Whether that commission is received and if received its value depends on the security sold or placed. Up front commissions received by Direct Broking are up to 3% of the value of the security subscribed for. Direct Broking may also receive ongoing commission of up to 1% on the value of the security sold or placed. At the time of providing this disclosure statement it is not practicable to provide a detailed list of each security advised upon, the name of the issuer of that security and the rate of the commission received by Direct Broking. However, this information will be disclosed to you in the form of a supplementary disclosure statement if required by law when Direct Broking advises you on a specific investment.

Direct Broking, or an associated person of Direct Broking, has the following interests or relationships that a reasonable person would find reasonably likely to influence Direct Broking in providing the investment advice:

ANZ National Bank Limited (ANZ National) - ANZ National is the sole shareholder of Direct Broking and is an associated person of Direct Broking. ANZ National may receive remuneration from a third party relating to a security about which the Investment Adviser has given investment advice. Whether remuneration is received and if received its value depends on the security sold or placed, but will typically fall within a range of 0.00% to 0.75% of the security subscribed for.

E*Trade Australia (E*Trade) – E*Trade is a subsidiary of Direct Broking's parent company, Australia and New Zealand Banking Group Limited, and is an associated person of Direct Broking. Direct Broking has an agreement with E*Trade for the provision of Australian share broking services. E*Trade may receive remuneration relating to a security about which the Investment Adviser has given investment advice.

ING (NZ) Holdings Limited (ING) - ING has the same shareholder as Direct Broking and is an associated person of Direct Broking. ING and its related companies, including ING (NZ) Limited, may receive remuneration from a third party relating to a security about which the Investment Adviser has given investment advice.

Macquarie Investment Management Limited (MIML) – MIML is an associated person of Direct Broking. Direct Broking may receive commission relating to a security which the Investment Adviser has given investment advice.

UDC Finance Limited (UDC) – UDC has the same shareholder as Direct Broking and is an associated person of Direct Broking. UDC may receive remuneration relating to a security about which the Investment Adviser has given investment advice.

SECURITIES ABOUT WHICH INVESTMENT ADVICE IS GIVEN

Direct Broking provides investment advice on the following types of securities:

- Debt securities including call deposits, government stock, local authority stock, State-Owned Enterprise bonds, Kiwi bonds and corporate bonds and notes;

- Equity securities such as listed and unlisted shares; Portfolio investment entities;
- Group investment funds; and
- Other forms of security, such as participatory securities.

PROCEDURES FOR DEALING WITH INVESTMENT MONEY OR INVESTMENT PROPERTY

The Disclosure in this section is made on behalf of Direct Broking Limited, its directors and the investment advisers and investment brokers who act for and on behalf Direct Broking Limited jointly and severally. Investment money can be deposited by direct credit or by cheque made payable to Direct Broking Limited. Investment money received from you or on your account will be held in our client funds account on trust and, subject to the Direct Broking Client Agreement Terms and Conditions, disbursed or distributed in accordance with client instructions. Any security documents or other valuable property should be sent or delivered to Direct Broking's office at Ground Floor, 1 Victoria Street, Wellington. Investment property held cannot be used for the benefit of Direct Broking any Direct Broking investment advisor, or any other person except you.

Record Keeping

Investment money is held in the client funds account which is reconciled daily, with all movements in and out of the client funds account recorded. You may request details of your own records at any time. Records of all investment property held are also kept and you may request details of your own records at any time.

Auditing and monitoring

Direct Broking's systems and operations are internally audited on a regular basis. The financial statements of Direct Broking are audited annually by KPMG. The receipt, holding and disbursement of investment money and investment property is not audited by KPMG. However, the receipt, holding and disbursement of investment money and investment property is monitored by NZX and is inspected by NZX from time to time at their discretion.

Use of Money and Property

When securities are registered in the name of Direct Nominees Limited, our nominee company, they will be held by that nominee as bare trustee on trust for you until we receive instructions from you either to sell the Securities or to transfer the securities into your name or to a person nominated by you. Investment money and investment property received from you will be held on trust for you until they are disbursed in accordance with your instructions. This means that at no time are investment money or investment property used for the benefit of Direct Broking or any Direct Broking investment advisor.

DISCLAIMER

Each security (including the principal, interest or other returns of any security) the subject of investment advice given to the investor by Direct Broking or otherwise, is not guaranteed, secured or underwritten in any way by Direct Broking or any associated or related party except to the extent expressly agreed in the terms of the relevant security. Direct Broking does not provide investment advice tailored to an investor's personal circumstances. It is the investor's responsibility to understand the nature of the security subscribed for, and the risks associated with that security. To the maximum extent permitted by law, Direct Broking excludes liability for, and shall not be responsible for, any loss suffered by the investor resulting from Direct Broking's investment advice.