

6 September 2010

TERMS

DIRECT BROKING LIMITED. CLIENT AGREEMENT. GENERAL TERMS AND CONDITIONS

CONTENTS

- Part A: Preliminary
- Part B: General Trading
- Part C: Custody Service
- Part D: General Provisions

PART A: PRELIMINARY

This Part A should be read subject to the provisions contained in Part C if and to the extent that you utilise the Custody Services in Part C.

GENERAL INFORMATION DIRECT BROKING SERVICES

As a Direct Broking Limited (Direct Broking) client, you unconditionally agree to be bound by the terms and conditions outlined in:

- a) this Client Agreement, and any amendments notified to you at your last advised residential or postal address, fax number, or email address; and
- b) any applicable supplementary agreement which applies in relation to specific services.

Capitalised terms shall have the meanings set out in "Definitions" section.

You and Direct Broking agree that the terms of your relationship and all services provided to you by Direct Broking are subject to, and bound by, :

- a) the Participant Rules;
- b) the Clearing and Settlement Rules;
- c) ASX regulations and any other regulations of a Recognised Securities Exchange which apply to the relevant conduct;
- d) relevant New Zealand legislation including the Securities Legislation and industry best practices;
- e) applicable offshore legislation.

You and Direct Broking agree that to the extent that there are inconsistencies between this Client Agreement and the Participant Rules and/or the Clearing and Settlement Rules, (whether arising because of amendment to the Participant Rules, the Clearing and Settlement Rules, or otherwise) the Participant Rules and/or the Clearing and Settlement Rules will prevail (as the case may be) and will apply as if you and Direct Broking had agreed and entered into an agreement consistent with the Participant Rules and/or the Clearing and Settlement Rules (as the case may be).

Direct Broking has NZX designation as a Market Participant with the ability to provide Trading and Advisory, and Distribution and Underwriting Sponsorship functions, and has CHO and CDO designation as a Clearing Participant and Depository Participant respectively.

You acknowledge that:

- a) except where investment advice is specifically sought by you and provided by us, Direct Broking does not give advice of any kind nor offer any opinion with respect to the nature, potential value or suitability of any particular Security transaction;
- b) to the extent permitted by law, Direct Broking disclaims all responsibility or liability for any loss or damage, including consequential, direct or indirect loss or damage, which may be suffered by any person relying upon information, opinion, conclusions or recommendations supplied by Direct Broking irrespective of whether that loss or damage is caused by any fault

or negligence on the part of Direct Broking or otherwise. You should make your own decision as to the level of risk you wish to accept in relation to any Security and whether particular Securities will meet your investment needs;

- c) while access may be given to investment research reports and information through Direct Broking's website (including computerised online services) or material emailed to you by Direct Broking, the availability of such information does not constitute a recommendation to buy, sell, or hold any of the Securities discussed or referred to therein; and
- d) any investment decisions made by you will be based solely on your own evaluation of your financial circumstances and investment objectives.

You agree that:

- a) Where you are a company or other body corporate, you have been and are duly formed under the laws of the place of your incorporation and have the necessary power and authority to enter into the Client Agreement and the person(s) executing the Client Agreement has the full power and authority to execute the Client Agreement on your behalf;
- b) Where you are a partnership or the trustees of a trust, you have the necessary power and authority to enter into this Client Agreement and the person(s) executing this Client Agreement has full power and authority to execute this Client Agreement on your behalf;
- c) Where you are an individual, you have legal capacity to execute this Client Agreement;
- d) In executing this Client Agreement and in giving effect to it and any transaction arising from it, you will not infringe any provision of any deed or other document or agreement to which you are a party;
- e) You have given careful consideration to your objectives, and your financial situation and needs, and you have formed the opinion that obtaining services from us is suitable for your purposes;
- f) The information provided in the Application Form is accurate and complete in all respects;
- g) You will notify Direct Broking, in writing and bearing the signature of the account holder(s), of any material account changes (including changes of authorised persons or registration details and changes in your constitutional documents (where you are not an individual) which alters your investment powers or authorisations).

You agree that by entering into this Client Agreement you consent to and authorise Direct Broking to send, or cause to be sent, to you from time to time electronic communications which may include information regarding products and services offered by Direct Broking and any of its related companies and third parties.

CLIENT TRADING ACCOUNT

Where your account is held by more than one person, all such persons accept that they are jointly and severally liable to Direct Broking under this Client Agreement and for any instructions or orders given or made by any or all of them and any Authorised Representative and that Direct Broking is entitled to act upon the instructions or orders of any one of those persons unless written, signed instructions from all account holders are provided to the contrary.

Any orders placed or instructions to trade on your account may only be given by you or an Authorised Representative. Any orders placed or instructions given by an Authorised Representative shall be deemed to have been placed or given by you. In nominating an Authorised Representative, you represent to Direct Broking that the Authorised Representative is authorised to give instructions and place orders, that they have read and will comply with the terms and conditions of this Client Agreement and that you personally indemnify Direct Broking against any costs or losses that Direct Broking may suffer as a result of the Authorised Representative giving and Direct Broking acting on unauthorised or incorrect instructions or orders or failing to comply with the terms and conditions of this Client Agreement. Please see



Part C of this Client Agreement for additional requirements that apply to instructions and/or orders in relation to Custody Securities.

If the Authorised Representative authorised to place orders or give instructions on your behalf has been granted that authority by virtue of a Power of Attorney, then a copy of that Power of Attorney and a Certificate of Non-revocation must be provided to Direct Broking. Changes to the details of Authorised Representatives on an account must be submitted to Direct Broking in writing and bear the signature(s) of the account holder(s). New Authorised Representatives must provide contact details and photo identification with an appointment notice signed by all the account holders.

NZX KNOW YOUR CLIENT (KYC) OBLIGATIONS

Before Direct Broking will open an account for you or accept any instruction or order, we are required to obtain from you the documentation requested within the Application Form. All Applicants, Authorised Representatives and Agents must provide Direct Broking with clear copies of current and valid verification of their identity. This may take the form of a valid driver's licence or passport or other NZX acceptable photo identification. Direct Broking also requires verification of a bank account which confirms that you are the account holder(s). Failure to provide verification for account information will result in Direct Broking's refusal to accept your application.

FINANCIAL TRANSACTIONS REPORTING ACT 1996

Direct Broking is required to verify the identity of all clients and report any suspicious transactions to the appropriate regulatory body. Payment to a party, whether by cheque or direct credit, whose name does not match the client's name will be subject to additional verification requirements.

RISK WARNINGS

Participation in financial markets incurs a level of risk that you must take into consideration. The market value of Securities (including bids and offers) may vary greatly over a short period of time and the past performance of any Security or market is not necessarily an indicator of future performance.

You should be aware that Security prices or yields and any income generated by Securities may vary, either up and down, as a result of a number of factors (including market risk, company, sector and country exposure risk, currency exchange risk, economic and political risk) impacting on the Securities and the Issuer of the Securities. The capital value of your investments may fall and you may not earn any income from your investments.

Additionally, different financial instruments and markets give rise to different levels of risk. This is also the case for different types of trading such as trading in derivatives.

Your investments in any of your Securities may not be appropriate or fit for the purpose for which you purchased them. If you are uncertain about a specific investment or related legal or taxation issues or consequences, Direct Broking recommends that you seek independent expert advice.

Neither Direct Broking nor any of Direct Broking's directors, officers, agents, and employees, guarantee repayment of any investment or the continued value of any investment in Securities or return from any investment in Securities made by you or the payment of any income in respect of any investment made by us on your behalf.

When placing an order with or giving instructions to Direct Broking, you must rely on your own judgement, your own evaluation of your financial circumstances and investment objectives and you are solely responsible for determining the suitability of your investment decisions and the implications thereof.

New Zealand and overseas taxes may affect your return on your investments. You are advised to obtain your own independent professional tax advice relevant to your own particular circumstances before investing or trading with Direct Broking.

Different tax rules and consequences may apply to you depending upon your tax status, the nature of your investments, and the quantity and composition of your investments. It is your responsibility to be aware of and to monitor your tax status and how applicable tax rules apply to you and any transaction undertaken by you or on your behalf, whether in New Zealand or any other jurisdiction.

PART B: GENERAL TRADING

This Part B should be read subject to the provisions contained in Part C if and to the extent that you choose to utilise the Custody Service in Part C.

TRADING INSTRUCTIONS

In trading with Direct Broking, you are representing that you can meet all resulting obligations and commitments. Failure to settle a contract by the due date may result in charges, the reversal of the trade at your expense and liability and/or a trading ban being placed on your account.

Instructions or orders may be given to or placed with Direct Broking in writing, electronically (via email or Direct Trade), over the telephone or in person. If you provide instructions or place an order in writing, whether faxed, emailed, or posted, the instructions or order are deemed to have been received when the instructions are acted on. Direct Broking is entitled to rely on any instruction given or order placed, which appears to have been duly authorised by you or an Authorised Representative, without any enquiry as to the identity or authority of the sender of that instruction or order. You are bound by any such instruction or order.

Direct Broking is under no obligation to accept any trading instruction or order from you and reserves the absolute right to decline to act on your behalf in relation to any particular instruction or order without explanation or notice. Additionally, where Direct Broking believes an instruction or order to be ambiguous, incomplete or unclear, we reserve the right not to act on that instruction or order. Where an instruction or order is accepted, Direct Broking will act only within the parameters of your instructions or order and you agree to pay all brokerage, fees, costs and charges relating to that instruction or order to trade demanded by us. All orders shall remain current until the order is completed or cancelled by you or Direct Broking.

Except as provided in the following paragraph, in relation to Securities traded on the Trading System, orders will be retained in the Trading System for a maximum of four weeks, while in relation to Securities traded on the Stock Exchange Automated Trading System operated by ASX, orders will be retained in the Stock Exchange Automated Trading System for a maximum of three weeks. For other jurisdictions, orders may be retained for longer or shorter periods, depending upon the relevant rules.

NZX, CHO and CDO or any other regulatory body may withdraw an order or we may withdraw an order from our order processing system. It is your responsibility to maintain sufficient contact with Direct Broking while there is an outstanding order on your account so as to enable you to identify and resubmit a withdrawn order. While Direct Broking may endeavour to notify the affected clients, Direct Broking does not guarantee that it will be successful and Direct Broking accepts no responsibility for any loss incurred directly or indirectly by you as a result of the withdrawal or expiry of an order.

BROKERAGE, FEES AND CHARGES

Direct Broking fees, brokerage and minimum charges apply. The Direct Broking brokerage rates and minimum charges are as set out in our current rate sheet as updated and advertised on our website. Direct Broking may alter these brokerage rates and minimum charges at any time. Notice of such alterations may be given to you at your last advised address or email address but publication on our website shall effect the change in the rates.

Fees and charges payable in addition to brokerage rates may include but are not limited to any fees, costs or charges incurred by Direct Broking on your behalf. Should you fail to pay any amount owing under this Client Agreement, Direct Broking may charge an administration fee to cover incidental costs that result or that are incurred in recovering this amount.

All sell orders will attract brokerage whether fully or partially completed.

All buy orders, including application monies on rights transactions, will attract brokerage whether fully or partially completed.

Foreign exchange charges will be incurred on all transactions that require funds to be converted to or from another currency. For the purposes of conversion into or from one currency to another, the exchange rate used by Direct Broking will be a midpoint rate with a currency conversion margin of an amount up to 1.50% of the overseas currency amount. The midpoint rate is derived from wholesale buy and sell rates quoted by foreign securities exchange market participants and which are compiled by a supplier of financial market data. The exchange rate or rates for a particular transaction will be those applicable at the time at which the order is entered into the Trading System. Direct Broking receives a share of the currency conversion margin charged. The midpoint exchange rates are displayed on Direct Broking's website (www.directbroking.co.nz) and are refreshed from time to time throughout the day. Due to factors such as the timing and volume of foreign currency transactions, the margin charged does not necessarily reflect the total profit to Direct Broking on foreign currency transactions.

COMMON SHAREHOLDER NUMBER (CSN)

Direct Broking is required to submit all NZX retail orders into the Trading System using a CSN. Where your Securities are not held on a CSN and are not Custody Securities, Direct Broking will require you to provide sufficient information for a holding to be attributed to a CSN and/or for a new CSN to be allocated and you will be required to notify the appropriate Securities Registry to amend your registration details accordingly. You acknowledge that this process may cause a delay in the purchase or sale of Securities which are the subject of an order and further acknowledge that Direct Broking accepts no liability for any loss incurred by you as a result either directly or indirectly of this delay.

SALE PROCESS

When you give Direct Broking an order to sell Securities on your behalf, you warrant that you have legal (or, in the case of Custody Securities, beneficial), free and clear ownership of those Securities, unencumbered by any security interest or other interest. When giving an order to sell Securities (other than Custody Securities), you must provide Direct Broking, in the case of Securities which are traded via the Trading System, with a valid CSN, eg 330001234 and Authorisation Code or Faster Identification Number (referred to in this Client Agreement as a FIN), eg 1234 at the time of the order, or, in the case of Securities which are not transferred electronically, a completed transfer form and certificate before Direct Broking will accept the order. In the case of Securities listed on an overseas exchange, you must provide us with the necessary identification numbers, documentation and data, at the time of the order.

When giving an order to sell Australian Securities (other than Australian Custody Securities), you must provide us with a full and valid Shareholder Reference Number (SRN), eg I003000123 at the time of the order. Alternatively you can choose to operate a CHESS account with Direct Broking.

Failure to provide the correct data or documentation will entitle Direct Broking to buy back the Securities, which are the subject of the contract note. You agree to be liable for and indemnify Direct Broking against all losses, administration fees, charges (including interest) and brokerage associated with or arising from the repurchase. Any profit made by Direct Broking in exercising such rights may be retained by Direct Broking but any loss will be to your account.

Instructions for the sale of Securities by a person other than you or an Authorised Representative are prohibited.

RETENTION OF FINs

Where you provide Direct Broking with your FIN, Direct Broking will encrypt it as soon as reasonably practicable. Unless Direct Broking is prevented at law, Direct Broking will delete any unencrypted FIN from any document on which it is recorded, such that the FIN is not legible.

Unless you instruct otherwise, you authorise Direct Broking to hold the encrypted FIN. Where you instruct that Direct Broking is not authorised to hold or continue to hold the encrypted FIN, Direct Broking will delete it as soon as reasonably practicable.

Direct Broking will hold the encrypted FIN on its computer system. Direct Broking may use the FIN to:

- transfer any of your Securities, when applicable, and in accordance with this Client Agreement;
- verify that your FIN is correctly matched to your CSN.

You acknowledge that in the event that a person obtains the FIN that you provide us prior to encryption or decodes the encrypted FIN that Direct Broking holds, there is the risk that the person may:

- use your FIN to fraudulently transfer any of your Securities to another person;
- disclose the FIN to another person who then does the above.

You acknowledge that, if Direct Broking holds your encrypted FIN and your CSN, we will have unlimited ability to transfer Securities to other persons. Direct Broking undertakes that it will at all times use reasonable endeavours to protect your FIN from unauthorised use and unauthorised access.

SALE PROCEEDS

Sale proceeds will be paid to you as the registered holder(s) of the Securities, whether by transfer to a call account, direct credit to a bank account or cheque posted to the registered address, unless written and signed instructions from you are received by Direct Broking. Proceeds from the sale of Custody Securities will be dealt with in accordance with the relevant provisions of Part C.

Where you submit an order to sell Securities quoted in a foreign currency, sale proceeds will be converted to New Zealand dollars and the conversion price (including any margin or commissions incurred by you on such conversion) will be shown on the contract note, unless you have the instructions and facilities in place and Direct Broking is willing and able to make payment in the foreign currency. The exchange rate or rates for a particular transaction will be those applicable at the time at which and on the date at which the contract note is generated.

In order to change the bank account to which any amount payable to you is paid, you must provide written instructions, signed by you, and verification of your bank account details in a manner acceptable to Direct Broking and which complies with the Participant Rules and Clearing and Settlement Rules. This will ordinarily require you to provide a bank encoded deposit slip, cheque or bank statement in the name of the person to whom payment is made.

Under the Participant Rules, where the registration address details provided to Direct Broking differ from those held by the appropriate Securities Registry, Direct Broking is obliged to withhold the distribution of sale proceeds until the addresses are reconciled. You agree that you will reconcile the addresses immediately upon them becoming inconsistent. You acknowledge that Direct Broking accepts no liability for any losses, incurred as a result of any delay in distribution of sale proceeds caused by inconsistent registration details.

PURCHASE PROCESS

Direct Broking may require payment for a transaction at any time after receipt of instructions from you. Direct Broking may, at any time, require you to pay us an amount of money that we specify before implementing an instruction or order and Direct Broking is under no obligation to implement your instructions until such payment has been made. In this regard, Direct Broking requires that, where you are a new client, you



must pay us any amount that we specify before we implement your first buy order.

You owe all settlement obligations in relation to an instruction, contract note, or order you give to Direct Broking. You agree to pay us the purchase price of the Securities that we buy in implementing your order, plus all applicable fees, taxes and duties plus any brokerage and fees charged by us plus all other applicable costs or charges, immediately upon making an order and no later than by 10:00am on the third Business Day after the date specified on the contract note. Where any amount owing from you to us in relation to your account is overdue, we may, at our option, charge you interest on the net amount owing in your account at a rate of up to 10% per annum above the overdraft rate charged by our bankers, accruing on a daily basis from and including the date the amount becomes overdue until and including the date of actual payment.

Where you fail to settle or complete a contract note or fail to pay any amount due in respect of an instruction, contract note, or order, Direct Broking has direct rights against you, including the right to sell the Securities relating to the contract note, instruction, or order. This obligation applies to clients who instruct Direct Broking directly and to clients where instructions are given on their behalf by an authorised Intermediary or Authorised Representative.

Where you fail to meet a delivery obligation to Direct Broking, we shall have the right to pass on, and you shall have the obligation to meet, any charge, levy, liability or loss incurred by us as a result of your failure to make delivery of funds within the time needed to enable us to meet the time limits imposed by the Participant Rules and Clearing and Settlement Rules. Where you have failed to settle with Direct Broking, the parties shall have the rights and obligations set out in this Client Agreement or imposed by the Participant Rules or the Clearing and Settlement Rules regarding cancellation of the contract, dealing with your Securities or mitigating any loss relating to that failure to settle. Any payment made by you or on your account to Direct Broking will be applied in the following order, that is: to pay Direct Broking's brokerage and fees, then to pay any charges incurred in settling the purchase, including debt recovery and finally to pay the purchase price for the Securities. Any profit made by Direct Broking exercising such rights will be retained by Direct Broking but any loss incurred will be your responsibility. You agree to be liable for and indemnify us against all losses, charges, administration fees and brokerage and all costs and expenses on a solicitor/client basis which Direct Broking may incur as a result of or in connection with a failure to settle or pay any amount due in respect of a contract, instruction or order or a failure to provide your CSN to Direct Broking.

Where any amount owing from you to us in relation to any purchase of ASX Securities remains unpaid after the purchase has settled, Direct Broking is authorised by you to instruct the relevant Australian Securities Registry to transfer the purchased ASX Securities from your holding/account to Direct Broking and Direct Broking will have the rights referred to above in respect of your failure to settle or complete a contract or failure to pay any amount due in respect of an instruction or order.

ORDERS

You agree that you will not make orders that will breach, or are likely to cause Direct Broking to breach, any of the Participant Rules or the Clearing and Settlement Rules or any other applicable rule or law.

You acknowledge that it is your responsibility to ensure that all details relating to your orders are accurate, including, without limitation, the name of the Security, the volume of the Security and the total value of the order. If you wish to amend or cancel an order, you must do so only by giving specific instructions to Direct Broking for the amendment or cancellation of that order. In the event that part of your order is filled prior to the amendment or cancellation instruction being effected, you will be liable to settle the partially filled order.

You acknowledge that all orders received outside Trading Hours will not be implemented until the next Trading Day.

SETTLEMENT SYSTEM AND CLEARING HOUSE

Direct Broking will clear and settle your orders on the Clearing House operated by CHO. Under the Settlement System CHO is positioned between the purchasing and selling Clearing Participants to a Transaction as the central counterparty to a Transaction and will undertake settlement of that transaction with the purchasing and selling Clearing Participants.

In order to facilitate the Settlement System and CHO's role as central counterparty every Transaction subject to clearing on CHO will be novated with the effect that Direct Broking, as Clearing Participant, will become principal in the resulting Settlement Transaction in accordance with the Clearing and Settlement Rules and take on all of the Clearing and Settlement Terms for that Relevant Settlement Transaction. You agree to this novation pursuant to, and on the terms and conditions provided for under the Clearing and Settlement Rules to the full extent required by law.

You acknowledge and agree that:

- a) any benefit or right obtained by Direct Broking or any other legal result, upon novation of Transactions in accordance with the Clearing and Settlement Rules, is personal to Direct Broking and the benefit of that benefit, right or legal results does not pass to you. You have no rights, whether by way of subrogation, or otherwise, against CHO in relation to any Transaction novated in accordance with the Clearing and Settlement Rules;
- b) the liability of CHO, CDO, the Depository Nominee, NZCDC, and NZX to any Person (including you) is limited or excluded by, and subject to, the provisions of the Clearing and Settlement Rules;
- c) if you are acting as an intermediary on behalf of underlying client(s) you shall ensure that each client agreement entered into between you and your clients includes such disclosures, statements and other provisions as are required by the rules of the NZX Market to be included in the client agreement in relation to clearing and settlement of Transactions for the client, including a statement that the client acknowledges and agrees that the liability of CHO to any person (including the client) is limited or excluded by, and subject to, the provisions of the Clearing and Settlement Rules and a statement that the client acknowledges and agrees that every Transaction subject to clearing on the Clearing House will be novated in accordance with the Clearing and Settlement Rules;
- d) you shall provide Direct Broking with such information as CHO may request in writing to Direct Broking;
- e) you grant to Direct Broking at all times full and exclusive rights, power, and authority to bind you under the Clearing and Settlement Rules and to authorise the application of your Client Assets in accordance with those rules; and
- f) you may not assert against CDO or the Depository Nominee or any person acting on behalf of CDO or the Depository Nominee (or both of them) any proprietary, equitable, contingent, future, or partial interest in any funds or securities held in a Settlement Account or a Depository Account.

PART C: CUSTODY SERVICES

This Part C only applies to you if you utilise the Custody Service. The provisions of Parts A, B, and D also apply to the provision of the Custody Service, except to the extent such provisions are inconsistent with the provisions of this Part C.

Securities held in Custody

You acknowledge that the Custody Service must be used for all trades involving your Securities in any jurisdiction other than New Zealand or Australia (that are held in custody). A list of those jurisdictions and details of any additional rules that may apply in respect of those jurisdictions, are available from Direct Broking upon request.

Direct Broking will provide the Custody Service with respect to such jurisdictions, securities exchanges and Securities as Direct Broking may from time to time determine in its discretion.

If you wish any Securities or another type of asset to be held on your behalf and Direct Broking agrees to arrange for those assets to be held in custody for you as Custody Securities, you must deliver to Direct Broking all necessary documentation and information to enable Direct Broking to deposit such Securities or assets into custody and to otherwise provide the Custody Service.

Direct Broking shall not transfer, exchange, exercise rights attached to or otherwise deal with the Custody Securities except pursuant to this Client Agreement or upon your instructions or those of an Authorised Representative.

Your Custody Securities may be held as follows:

- a) in an omnibus or pooled account in the name of Direct Nominees Limited;
- b) by a Custodian appointed by Direct Broking or a nominee company controlled by a Custodian appointed by Direct Broking.

Your Custody Securities are identified within Direct Broking's custody records separately from those assets belonging to Direct Broking.

You should be aware that Direct Broking or any Custodian may in its discretion refuse to accept (in whole or in part) any deposit of Custody Securities.

For the avoidance of doubt, this Client Agreement shall not be deemed to terminate solely as a result of any change in the Custody Securities held from time to time or because at any given time no Custody Securities are held.

AUTHORITIES

You authorise Direct Broking or any Custodian to execute as custodian such certificates of ownership, affidavits, declarations or other certificates as Direct Broking or the Custodian shall be obliged to do under and pursuant to applicable law in connection with any Custody Securities or as may be reasonably necessary (in the opinion of Direct Broking or any Custodian) in connection with any Custody Securities or the provision of the Custody Service.

You authorise Direct Broking and any Custodian in relation to any Custody Securities, without any need for further express instructions, to:

- a) surrender Custody Securities in temporary form for Custody Securities in definitive form;
- b) endorse for collection cheques, drafts and other negotiable instruments; and
- c) in general attend to all non discretionary details in connection with the sale, exchange, substitution, purchase, transfer and other dealings with the Custody Securities.

RISK WARNING

You acknowledge that:

- a) corporate actions may be cancelled or reversed by an issuer (in some cases after considerable time has passed since the corporate action), and that you may be liable to return Securities or repay moneys received in connection with any such cancelled or reversed corporate action; and
- b) Custody Securities are generally held in a pooled or omnibus account in the name of Direct Nominees Limited or a Custodian appointed by Direct Broking. In certain circumstances, this can result in you not benefiting from certain corporate actions to the same extent you might have benefited if your Custody Securities were registered in a separate parcel; for example, a rights issues where each separately registered shareholder has an equal right to participate, regardless of the total number of shares held by each shareholder.

ACCEPTING INSTRUCTIONS

Direct Broking shall at its discretion and without any liability on its part, rely and act upon your instructions or instructions from an Authorised Representative to deal with all or part of the Custody Securities, and you agree to be bound by those instructions.

Instructions for the transfer of Custody Securities out of custody into your name or into another custody service must be in a form acceptable to Direct Broking.

Unless Direct Broking in its discretion determines otherwise in any particular case, Direct Broking will not accept instructions to trade or deal with any Custody Securities within three Business Days (in the jurisdiction of the relevant securities exchange) of any previous trade or dealing by you (or by Direct Broking or any Custodian on your behalf) of those same Custody Securities, or within such other applicable period required for the clearance of that previous trade or dealing.

Any instruction to trade or deal with any Custody Securities will be lodged in the current or next open trading session on the relevant overseas securities exchange and such instruction will expire at the end of that session.

RECORDS AND AUDITING

Direct Broking will maintain a full set of accounting records showing the ownership, receipt and disbursement and other movements of Custody Securities.

The receipt, holding and disbursement of Custody Securities and the administration of trades by Direct Broking is subject to the Participant Rules, the Clearing and Settlement Rules, and to periodic review by NZX inspectors. Direct Broking's accounting records will be audited by a Qualified Auditor (as defined by section 2C of the Securities Act 1978).

A record of Custody Securities will be available to you upon request and will be updated as your Custody Securities change.

You agree that by entering into this Client Agreement you consent to Direct Broking providing you with a report in respect of your Custody Securities in the manner required under the Participant Rules every six months.

TRANSACTIONS AFFECTING CUSTODY SECURITIES

Direct Broking will use reasonable endeavours to keep you informed of certain important events that affect your Custody Securities ('Corporate Actions') subject to Direct Broking having received prior written notice of such events from the relevant issuer and provided that the Custody Securities are traded on an approved securities exchange or registered in an approved jurisdiction. Examples of such events include rights issues, bonus issues, takeovers, company reconstructions and the impending exercise/expiry of options, warrants and convertible bonds.



Direct Broking will act in accordance with your instructions with respect to any Corporate Action that requires an election to be made by you provided that it is practicable to do so, you have sufficient funds in your client bank account and you have given clear and complete instructions, together with all information necessary to make the election, at least three Business Days prior to the date Direct Broking determines is the last date by which such election can be practicably made.

Notwithstanding any instructions that may have been given by you:

- a) in respect of any Corporate Actions which provide an option for the holder to elect to receive a cash alternative (for example a takeover offer in which shareholders can elect to receive consideration in the form of either cash or shares in the offeror), Direct Broking may select the cash alternative without any need to refer to or obtain any consent from you;
- b) in respect of any Corporate Actions affecting a particular Security, Direct Broking may make such election as it determines in its discretion is appropriate without any need to refer to or obtain any consent from you, if Direct Broking makes the same or equivalent election for all Securities held by Direct Broking whether on behalf of you or other customers using the Custody Service; and
- c) following any Corporate Action, Direct Broking may effect any associated distributions to the beneficial owners of Custody Securities held in a pooled account in such manner as it determines in its discretion may be appropriate, having regard to the interests of such beneficial owners generally and the practicalities of making such distribution.

Direct Broking will have no duty or responsibility as regards attendance at meetings or voting in respect of any of the Custody Securities or in respect of proxies received by it or any Custodian in respect of any Custody Securities and/or for sending any proxies or giving any notice of the receipt of such proxies to you. You may not give any instructions to Direct Broking which conflict with this clause.

Any Custody Securities or other consideration received by Direct Broking in respect of Custody Securities shall, unless Direct Broking agrees otherwise, be held subject to this Client Agreement.

DIVIDENDS AND INCOME

Direct Broking will collect income (including dividends and distributions of any kind) and principal (including the proceeds of any disposal) in respect of any Custody Securities, and unless instructed otherwise, shall treat all monies received by it in accordance with the Participant Rules and the Clearing and Settlement Rules. Unless otherwise agreed to by Direct Broking, all dividends and interest received will be converted into the currency of your client bank account at the time of receipt by Direct Broking.

Direct Broking or a Custodian may deduct withholding tax or any other tax from any income or other payment in accordance with all applicable laws and regulations of the relevant jurisdiction(s). You will be solely responsible for all taxes or similar liabilities levied on or arising out of Custody Securities and any payment due to you. Direct Broking shall have no responsibility or liability with regard to your tax status or position in any jurisdiction, and you shall remain liable for any deficiency.

You agree to provide Direct Broking with such information regarding your tax status (whether in New Zealand or any other jurisdiction) as is reasonably requested by Direct Broking from time to time. Direct Broking and any Custodians shall be entitled to rely on any information provided by you or any Authorised Representative as being correct. Any subsequent tax deficiencies (in any jurisdiction) arising from the information provided are your responsibility, and you shall agree to indemnify Direct Broking from and against any claims, costs, liability or expenses associated with, or in remedying, such deficiency.

ACKNOWLEDGEMENT

Unless instructed otherwise, Direct Broking shall have no obligation to forward or take any other action whatsoever in connection with reports, notices, proxies, and other communications received in respect of any Custody Securities.

TERMINATION AND REDELIVERY

Direct Broking may at any time redeliver all or any Custody Securities to you without terminating this Client Agreement.

Within a reasonable period after notice of termination of this Client Agreement, Direct Broking shall deliver to you in person or by registered post to your address for the time being notified to Direct Broking, or by transfer to your bankers or agents, or otherwise as you may direct, the balance of all Custody Securities held on your behalf.

Direct Broking's obligations in respect of any Custody Securities following termination of this Client Agreement and in any other event when you request a transfer of the Custody Securities to be made shall be subject to:

- a) compliance with all applicable law or regulatory requirements and to reasonable notice having been given to and received by Direct Broking;
- b) the rules and requirements of any securities exchange or clearance system including the Participant Rules and the Clearing and Settlement Rules, or Custodian; and
- c) the transfer or delivery of the Custody Securities being impracticable for any other reason, provided that Direct Broking may make such arrangements as it deems appropriate at your expense in order that prompt delivery may be made.

If you are indebted in any way to Direct Broking in respect of Custody Securities (for example, without limitation, in respect of unpaid fees or any payment made to you by Direct Broking on account of interest, dividends, or other income not yet collected by Direct Broking), Direct Broking may decline to redeliver such Custody Securities until such debt has been discharged.

You acknowledge that your indebtedness and liability to Direct Broking shall be continuing until such time as Direct Broking is satisfied that it has received full and final settlement of payment due on the Custody Securities in respect of those amounts paid to you. You agree to fully indemnify Direct Broking in the event of non-payment or part payment only.

You agree to bear all costs and risks of delivery of the Custody Securities to you or another party, as instructed by you, whether upon termination of this Client Agreement or otherwise.

PART D: GENERAL PROVISIONS

This Part D should be read subject to the provisions contained in Part C if and to the extent that you choose to utilise the Custody Service in Part C.

SECURITY INTEREST

Without prejudice to Direct Broking's rights under the Participant Rules, the Clearing and Settlement Rules, other provisions of this Client Agreement, at law or otherwise, you agree that Direct Broking shall have a security interest in all present and future Securities, documents and monies held by you or by us (and any of our related companies) on your behalf for all moneys (including interest and damages) now or at any time hereafter owing or payable by you to Direct Broking on any account whatsoever.

To the extent that Part 9 of the Personal Property Securities Act 1999 (the "PPSA") applies with respect to the security interest granted under this Client Agreement, you waive your rights to:

- a) receive a statement of account under section 116 of the PPSA;
- b) recover any surplus under section 119 of the PPSA;
- c) receive notice of any proposal made by Direct Broking to retain collateral under section 121 of the PPSA;
- d) redeem collateral under section 132 of the PPSA; and
- e) receive a copy of a verification statement under section 148 of the PPSA in respect of any financing statement or financing change statement registered by Direct Broking in respect of any collateral.

DIRECT BROKING'S CONTRACTUAL RIGHTS WITH RESPECT TO YOUR SECURITIES

You agree that, in addition to any other rights Direct Broking may have in this Client Agreement or under the Participant Rules or Clearing and Settlement Rules, Direct Broking may use any amount held on your behalf or sell any Securities held or bought on your behalf and use the proceeds to repay any outstanding debt or amount owed or payable to Direct Broking, without prior notice or demand.

You hereby irrevocably appoint Direct Broking and each of our duly authorised officers or attorneys severally to be your duly authorised agent (with full power to appoint substitutes and to sub-delegate) ('Agent') on behalf of you and in your name or otherwise and at your expense to complete, execute and otherwise perfect all agreements and documents and generally to do all other things (including dealing in your Securities and operating your client account with Direct Broking) which the Agent considers necessary or expedient to:

- a) secure to Direct Broking the full benefit of its rights and intended rights under this Client Agreement, the Participant Rules and the Clearing and Settlement Rules;
- b) secure payment of any moneys owing to Direct Broking by you;
- c) comply with any legal requirements or the requirements of any Recognised Stock Exchange; and
- d) anything incidental to those matters.

If requested by Direct Broking, you will sign a power of attorney in favour of Direct Broking or any Custodian in such form as Direct Broking may require in order to give effect to the intentions evidenced by the foregoing paragraph or this Client Agreement generally.

CONTRACT NOTES

Direct Broking will issue contract notes, either by emailing you a PDF contract note or posting you a physical contract note, confirming the details of any orders completed on your behalf. Please check the details on the contract note and advise us immediately of any errors or omissions. While Direct Broking cannot guarantee correction of any error or omission, we will take all practicable and reasonable steps to remedy such an error or omission. Payment of the amount stated in

the contract note will confirm your acceptance of the accuracy of the contract note. Direct Broking accepts no responsibility or liability where an email containing your contract note does not reach you for any reason (whether due to rejection by your service provider or otherwise) and you agree that any non-delivery to you will not affect your obligations under the contract note, that is, the Settlement Date for that order and any monies payable by you are unaffected.

DISCRETIONS

You acknowledge that Direct Broking is not obliged to accept you as a client, nor to provide you with any explanation for refusing your application or refusing to continue to act on your behalf, where a decision is made to do so.

You acknowledge that Direct Broking may, at its discretion:

- a) impose whatever limits or conditions it considers (at its sole discretion) appropriate on your account and that these limits or conditions may be changed by Direct Broking at any time without an obligation to provide you with any explanation; and
- b) operate your account and deal with your investments or Securities in the circumstances and as provided for in this Client Agreement.

You and any Authorised Representative may instruct Direct Broking to deal in Securities or provide you with Securities advice. Direct Broking may, at any time and at its sole discretion, decline such instructions or cancel any order or generally prohibit or restrict Trading in Securities, without the need to provide any reason for its decision.

SUPPLEMENTARY AGREEMENT

This Client Agreement may be supplemented by further supplementary agreements, the terms and conditions of which govern particular investments and/or types of transactions.

DUTY OF CARE

Under the Participant Rules, Direct Broking and its client advising employees have a duty of care to act with professionalism and objectivity. Direct Broking has a duty to ensure client information is kept confidential. Your information will be kept confidential except as required for the provision of services to you and except as required by law.

Direct Broking must protect Client Assets and ensure such assets are separately identified from Direct Broking's own assets.

DISCLOSURE OF INTERESTS

Direct Broking and certain persons associated with it (including Direct Nominees Limited) are defined by the Participant Rules to be Prescribed Persons.

The Participant Rules require Direct Broking to disclose to you that from time to time Prescribed Persons may have a Threshold Interest (as defined in the next paragraph) in Securities which they recommend to you or which you may buy or sell.

A Threshold Interest is a relevant interest, set at Direct Broking's discretion under the Participant Rules, of the Securities on issue and listed on a market provided by NZX or a Recognised Securities Exchange in any Issuer, Security or other matters which are the subject of a possible transaction for sale and purchase of Securities.

You should be aware that Prescribed Persons may have a Threshold Interest in a Security for which you may have an interest in. Direct Broking may be Acting as Principal in Securities for which you may have an interest in. Direct Broking may be acting as agent for the buyer and seller in a transaction and may be earning income from both parties to that transaction.



PRIVACY ACT 1993

You authorise Direct Broking to collect, hold, disclose to or request from any entity such information as may be required to conduct our credit, verification or security checks, to administer your account and carry out your instructions and to provide you with information relating to our other products and services. You authorise Direct Broking to disclose any information we hold to the NZX, CHO, CDO, ANZ National Bank Limited, other financial service providers or any other person, in the provision of services to you, the fulfilment of obligations under the Participant Rules, as required by law, or in the retention of debt recovery agencies. If you do not provide the information sought, we may terminate your account with us or suspend services to you.

You and your Authorised Representatives have rights of access to and correction of personal information supplied to and held by Direct Broking.

You acknowledge that Direct Broking records and retains all telephone conversations for verification, audit and training purposes.

Any information held by Direct Broking may be disclosed where required under the Participant Rules or at law and may be subject to review by a regulator including, but not limited to, NZX, CHO and CDO.

LIABILITY AND INDEMNITY

You acknowledge and accept that placing an order or instruction with Direct Broking, including market orders, either electronically or otherwise, does not guarantee execution of the order or acceptance of the instruction, and you agree that Direct Broking shall not be responsible or liable for any costs, losses, damages or claims that result where any order is not executed or an order is cancelled or an instruction is not accepted.

When you place a request to cancel an order, the cancellation of that order is not guaranteed. Orders will only be cancelled if your request is received during Trading Hours and matched up with the order before the order is executed. During Trading Hours, it is rarely possible to cancel market orders. Do not assume that any order has been executed or cancelled until you have received a transaction confirmation from Direct Broking via mail, e-mail or the website.

You agree to indemnify and hold Direct Broking harmless from any and all claims, and agree that Direct Broking shall not be liable for any loss, damages, expense, claim or payment, actual or perceived, caused or arising directly or indirectly by government restriction, exchange or market regulation, suspension of trading, war, strike, equipment failure, the failure of an email communication to reach the intended recipient, communication line failure, system failure, security failure on the Internet, unauthorised access, theft, or any problem, technological or otherwise, that might prevent you from entering or Direct Broking from executing an order, or other conditions beyond our control. You further agree and understand that you will not be compensated by Direct Broking for 'lost opportunity', where we were unable to implement an order due to technical difficulties and the Securities that you wished to purchase increased in value, or the Securities that you wished to sell decreased in value. Furthermore, in a technical environment, should an error occur with respect to the tracking of any account holding or order entry, the true, actual and correct transaction or position will be restored. It is your responsibility to ensure account correctness and accuracy and to contact Direct Broking immediately with any discrepancies.

CONSUMER GUARANTEES ACT 1993

Where you are not a 'consumer' as defined in section 2 of the Consumers Guarantee Act 1993, or where you acquire or hold yourself out as acquiring our services under this Client Agreement for the purposes of a business, you acknowledge that the Consumer Guarantees Act 1993 will not apply.

DISCLOSURES REQUIRED BY LAW

You acknowledge that, in certain circumstances, we may be required by law to disclose information relating to you or your Securities. You authorise us to make such disclosure.

DISCLOSURES

You acknowledge that you have read and received the Company Disclosure Statement attached to this Client Agreement.

PARTICIPANT RULES AND CLEARING AND SETTLEMENT RULES

If there are any changes to the Participant Rules and/or Clearing and Settlement Rules which affect the terms of this Client Agreement (and in particular, affect the obligation that we owe to third parties), the terms of this Client Agreement will be deemed to have been altered to reflect those changes. We may advise you of such changes either directly or by posting the change or details of the change on our website or amending the contract note details that we provide you on the sale or purchase of any Securities.

ALLOCATION POLICY

Instructions and orders from clients to purchase or sell Securities shall be attended to by us in the order in which they are received and entered into the Trading System. Orders may be transferred into a pool account prior to the allocation of Securities. In that case, we will allocate the relevant Securities at our discretion having regard to:

- a) the overriding obligation that we act in the best interests of our clients;
- b) the size of each order comparative to any other orders;
- c) the nature of the instructions or discretion given to us by a client;
- d) the time each order was received;
- e) the nature of the market for the Securities to be allocated (particularly volume and price volatility); and
- f) such other relevant factors as we may consider appropriate.

BRINGING ORDERS TO MARKET

Unless you instruct otherwise, we will implement your Orders by placing them to the market in such manner as we consider appropriate having exercised this discretion with care. This means we may:

- a) accumulate or bundle orders coming to Market;
- b) delay executing your orders; or
- c) delay orders to satisfy Crossings.

You may at any time give us an instruction either generally, or in relation to a particular transaction, as to how you wish an order to be implemented.

TERMINATION

This Client Agreement may be terminated by either party by giving written notification to the other party to that effect. Termination does not affect and shall not relieve you from any liability or obligation incurred prior to the giving of such notice which remains unsatisfied at the date of termination.

On termination of this Client Agreement, we shall, subject to Direct Broking's rights of set-off and the security interest created under this Client Agreement, deliver to you as soon as practicable thereafter the scrip or the certificates of title in respect of your investments registered in your name that are in our possession, any cash held as at the date of termination and interest earned (if applicable) to the date of payment less any fees or other amounts owing to us. Any Custody Securities will be redelivered in accordance with the provisions of Part C.

ASSIGNMENT

You agree that the terms and conditions of this Client Agreement bind you personally and will also bind your personal representatives and successors. You may not assign any of your rights or obligations under this Client Agreement and any such purported assignment will be ineffective.

DEATH OF ACCOUNT HOLDER

In the event of your death, we require evidence of the authority to act of any person claiming to have applied for and obtained probate or letters of administration in relation to money or securities held on your behalf before we will accept or act on instructions from that person. This clause is binding on your personal representatives and successors in title. You (through your estate) agree to hold us harmless for acting on any such instruction.

In the event of your death or that of a joint holder, we may, if requested by the remaining holders, assist with the transfer of all joint Security holdings into the name of the surviving joint holder(s) and this Client Agreement will remain valid for the surviving joint Security holder(s).

DISPUTE RESOLUTION

If any dispute arises between you and us, both parties shall endeavour 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.

GOVERNING LAW AND JURISDICTION

This Client Agreement is subject to the prevailing laws of New Zealand. You agree to submit to the non-exclusive jurisdiction of the Courts of New Zealand.

Direct Broking's services are available only to clients who are resident in and/or carry on business in New Zealand. Direct Broking does not give any warranty that it is lawful for persons located outside New Zealand to access any of its services.

You acknowledge that the procedures for trading of Securities applicable in overseas jurisdictions may differ from those reflected in this Client Agreement. You will observe relevant requirements of any overseas trading procedures and if required, sign further documentation, provide additional information or complete such other acts as may be necessary from time to time in order to comply with such procedures. This Client Agreement is deemed to be amended to the extent necessary, in the context of a particular transaction, to comply with overseas trading requirements.

INTERPRETATION

The words 'Direct Broking', 'we', 'us' and 'our' refer to Direct Broking Limited, Direct Nominees Limited and any other related company as defined under the Companies Act 1993 (as the context requires).

A reference to you as our client refers not only to yourself but, where appropriate, to any other person(s) whom you have advised us are authorised to act on your behalf and, where we deem it appropriate, to any underlying client relating to an Intermediary.

The singular includes the plural and vice versa.

A reference to a gender includes a reference to each other gender.

A reference to a statute, rules and regulations or a provision thereof includes a reference to them as amended or re-enacted from time to time.

A reference to a person includes a reference to a firm, trustee, a corporation or other corporate body.

DEFINITIONS

Except for the expressions defined below, all words and expressions given a particular meaning in the Participant Rules or Clearing and Settlement Rules shall have the same meaning when used in this Client Agreement.

"Agent" means a person specified as an applicant in the Application Form;

"Application Form" means the application form for you to become a client of Direct Broking and includes this Client Agreement;

"ASX" means Australian Stock Exchange Limited;

"Authorised Representative" means a person specified as an authorised representative in the Application Form and for the purposes of this Client Agreement all references to "Authorised Representatives" shall be deemed to include any Agent;

"CDO" means New Zealand Depository Limited

"CHO" means New Zealand Clearing Limited;

"Clearing and Settlement Rules" means the C&S Rules and, as the context may require, includes the C&S Procedures, the Depository Rules and the Depository Procedures;

"Client Agreement" means all of the terms, conditions and acknowledgements in this document and in the Application Form, as amended from time to time, and the terms, conditions and any acknowledgements in any supplementary agreement;

"Custodian" means any custodian, sub-custodian, nominee, delegate, execution agent, or other person appointed or engaged by Direct Broking to provide the Custody Service and shall include any such person appointed, employed, or engaged by a Custodian;

"Custody Securities" means Securities, and any other type of assets, of which you are the legal or beneficial owner that Direct Broking agrees to hold (or to have held by a Custodian);

"Custody Service" means the service under which Direct Broking agrees to hold (or arrange for the holding by a Custodian of) Custody Securities or other assets on your behalf;

"Direct Trade" means Direct Broking's online trading system;

"Minor" means a person under the age of 18;

"NZCDC" means New Zealand Clearing and Depository Corporation Limited.

"Participant Rules" means the NZX Participant Rules (including Guidance Notes and Practice Notes), as amended from time to time;

"Securities" includes Securities, stocks, bonds, tradable contracts and other negotiable instruments and securities in New Zealand and overseas.



WWW.DIRECTBROKING.CO.NZ  **SIMPLE. DIRECT.**

TEL. 04 499 6655, FAX. 04 498 7064, FREE. 0800 805 777
GROUND FLOOR, 1 VICTORIA STREET, WELLINGTON 6011
PO BOX 1790, WELLINGTON 6140, NEW ZEALAND

DIRECT BROKING LIMITED
A SUBSIDIARY OF ANZ NATIONAL BANK LIMITED