



Southern Cross Equities

FINANCIAL SERVICES GUIDE

Welcome to Southern Cross Equities Limited. This Financial Services Guide (“**FSG**”) aims to set out some of the key information you need to know in both arranging your investments to meet your changing personal objectives and to tell you about us.

We have sent you this FSG because as a retail client you wish to consider us in providing you with stockbroking and ancillary financial services. You may have downloaded this FSG or we may have mailed this to you. If we have mailed it to you most likely it will be accompanied with other documents that require your consideration, so that we can enable your account to be opened or updated. Generally these other documents will include a sponsorship agreement, brochures from the Australian Stock Exchange Limited (“**ASX**”), a disclosure statement from Berndale Securities Limited (“**Berndale**”), direct debit/credit forms and a financial needs profile.

Firm Overview

Southern Cross Equities is a wholly owned and managed Australian stockbroking firm based in Sydney. We are a trading participant of the ASX. The firm is licensed under the Corporations Act to provide you with financial services. Our Australian Financial Services Licence number is 247027.

We service clients in the areas of high net worth stockbroking, institutional equities, exchange-traded options for institutional and professional investors and corporate advice for public and private companies. With the introduction of the Financial Services Reforms in May 2004 the law classified clients as either ‘retail’ or ‘wholesale’ investors and since then Southern Cross Equities has been unable to offer a premium service to retail clients.

Our ethos remains the provision of outstanding service and financial advice to our wholesale clients. Our services include trading in ASX listed securities (including options), access to IPOs and capital raisings and assistance in the facilitation of client’s trading, cash management needs and portfolio reporting and management.

Our commitment is to maintain the highest level of client confidentiality and we look forward to a mutually rewarding relationship with you as a client of our firm.

PARTICIPANT OF ASX GROUP

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Introduction

Equity securities in common with all the other asset classes (e.g. real property and government bonds) can decline in value as well as appreciate. The measure of this change in value is often referred to as volatility, i.e. the more the value fluctuates over time, the more volatile the asset is and therefore the more risk involved in investing in it. On the other hand, in general, the less volatile an asset is, the less likelihood there is for any significant capital gain or loss from investing in that asset.

Equity securities are generally considered more volatile than other asset classes, however, the markets for other asset classes may not be as efficient or transparent as the stock market, in terms of the information available to investors and the process for continuously determining and making public the real market value of the particular asset. For this reason the real volatility of those other asset classes are often not fully appreciated.

Our Authorised Activities

We are authorised to offer the following financial services:

- Provide financial advice
- Deal in financial products
- Provide custodial services

We provide financial product advice and deal in

- Basic deposits
- Derivatives
- Debentures, stocks and bonds
- Managed investments
- Miscellaneous Financial Products
- Securities (such as shares)
- Superannuation

We are authorised to deal in foreign currency in order to facilitate international transactions for our clients. We also provide a limited custodial service in providing safekeeping of securities for clients.

How We Provide Our Services

We provide our service to you through our team of client advisers. Our client advisers are our staff that have been expressly authorised by the firm to service your needs.

Our client advisers will provide you with financial advice and/or execute your instructions appropriate to your status as a client. Contact is through fax, telephone and/or email contact and from time to time our client advisers will meet with you.

If you are a wholesale client we offer a premium service tailored around client-focused advice, trade execution of ASX listed securities (including warrants, options and futures), custody of CHESS securities, access to IPOs and capital raisings, managed funds and cash management needs plus research dedicated to wholesale investors. If you are a 'retail' client we are unable to offer you a premium service.

Your Client Adviser

Your adviser acts as a representative of Southern Cross Equities Limited.

Where you receive a securities recommendation your adviser is obliged to have a reasonable basis for making that recommendation. This means that your adviser must give consideration to the information available about your investment objectives, financial situation and particular needs.

You have the right to be advised about any interest of the adviser that may reasonably be expected to be capable of influencing a securities recommendation made to you.

From time to time your adviser may be unavailable and other representatives of the firm, if you so chose, may execute your instructions. In these situations our 'stand-in' adviser will probably not know your objectives, financial situation and needs in detail and so might not be in a position to appropriately advise you.

Provision of Personal Information to Your Client Adviser

When you contact a client adviser, he or she will generally presume that you have already made the decision to invest a particular part of your investable assets in equities rather than some other asset class. If you have not made this decision or you require assistance with it, you should let the client adviser know, so that he or she can advise you appropriately or refer you elsewhere.

To establish your account with the firm you will have provided us with identification to prove your identity.

Because of the requirements of the Corporations Act, the Australian Securities and Investment Commission and other statutory requirements, you will be asked from time to time to provide certain personal information to your client adviser, either in writing or orally. To initially assist us in providing you with appropriate advice we will ask that you complete our Financial Needs Analysis form. This may be downloaded or may be included with this FSG.

Completion of our Financial Needs Analysis form is at your discretion, being fully, partially or not at all. However, the extent of the information that you provide to your adviser will determine our ability to make appropriate recommendations specific to your needs and objectives.

All information that you provide us will be kept strictly confidential. Our privacy statement can be found at the back of this FSG or can be separately downloaded.

If you choose to provide us with your personal information you should ensure that your adviser becomes aware of any changes that may be relevant when further advice is given.

Statement of Advice

We are required to provide to you initially a Statement of Advice ("SOA"). This document will detail a number of matters including our advice and the basis to arriving at that advice.

If our initial advice is time critical our SOA may be given after we have executed the advice

Further Market Related Advice

From time to time you may wish to obtain from your adviser personal advice about securities that are traded on licensed markets and because of live market conditions promptly execute that advice.

In these circumstances the law does not require us to provide you with any documentation detailing our advice, provided that we have previously provided you with a SOA and that before we traded we ensured that your objectives, financial situation and needs had not significantly changed and you required prompt service. However, you are entitled to request from us documentation on any advice up till 90 days after we provide you with our advice.

Sponsorship

Shares that are traded on the Australian Stock Exchange are generally registered through CHESS, a computer system operated by Australian Settlement and Transfer Corporation Pty Ltd (ASTC) that provides ownership registration. Clients can elect to be broker sponsored, a situation we recommend as it enhances our ability to service your needs, or issuer sponsored. Brochures from the ASX on CHESS may be enclosed with this FSG or can be downloaded from the ASX's web site at www.asx.com.au.

When you are broker sponsored, we as a participant in ASTC, are able to see details of your holdings and effect settlement on your behalf and thereby avoid fail fees and other complications involved in managing your investments.

Cash Management Facilities

We maintain a relationship with Macquarie Investment Management Limited ("MIML") for the investment of cash in the Macquarie Cash Management Trust. We recommend that clients consider utilising this service to assist in the facilitation of their equity trading. We are paid a commission by MIML based on funds under management.

Managed Investments

We maintain relationships with a number of managers of unlisted managed investment schemes and from time to time may recommend that clients invest in a variety of these products. Our relationship with the manager may also extend to having an economic interest in the manager. We may be paid a commission by the manager based on funds under management.

Equity Financing

We maintain relationships with a number of providers of equity financing solutions and from time to time may recommend that clients utilise a variety of products designed to leverage portfolios or facilitate the short sale of portfolios. We may be paid a commission by the equity financing provider based on the value of open positions.

Settlement of Share Transactions

The Business Rules of the ASX allow stockbrokers to choose from several business models. Stockbrokers have the ability to specialise as a Trading Participant, i.e. being able to advise, underwrite and execute securities transactions, and/or become a Clearing Participant, i.e. authorised to clear and settle securities trades.

Southern Cross Equities is a Trading Participant of the ASX and we have contracted the settlement of securities transactions with Berndale, a Clearing Participant of the ASX.

The firm specialises as a Trading Participant so it can concentrate on its core competencies, which is providing advice, executing your equities transactions and managing your portfolio. The relationship between Southern Cross and Berndale and how it affects you as a client, is fully explained in the enclosed Berndale Disclosure Statement as well as Berndale's FSG.

We pay Berndale for providing its clearing services except to the extent that you may be charged fail fees for failure to settle transactions within the market's currently prescribed time periods.

We recommend that clients for ease of settlement put in place with Berndale arrangements for the direct crediting and debiting of settlement procedures.

Berndale and Southern Cross Equities do not accept cash to settle securities transactions.

Remuneration and Charges

The firm's remuneration is generally received by way of brokerage and commissions. The rates of brokerage vary and are usually negotiated with each client and are charged as a percentage of the value of the trade. Minimum rates of brokerage are generally charged on both purchase and sale transactions. You will have to pay GST on brokerage.

Your client adviser's remuneration is usually by way of salary however some advisers may receive part of their remuneration calculated as a percentage of this brokerage. In addition, advisers may receive bonus payments based on the firm's assessment of their contribution to the firm.

If settlement is not effected on time (as specified on your contract note), fail fees will be incurred. Most fail fees are levied by the ASX and it is Southern Cross Equity's policy to on-charge these fees to client accounts that do not settle on time.

We also receive fees for providing corporate finance services as well as providing distribution services.

Prudential Protection and Insurance

The ASX operates the National Guarantee Fund which is a compensation fund designed to meet valid claims arising from dealings that you have with an ASX market participant. Your dealings through Southern Cross Equities, as a market participant, are protected by this fund and further information on the National Guarantee Fund can be downloaded from our web site.

We also maintain professional indemnity insurance to protect the Firm and its clients from significant adverse circumstances. We regularly report our insurance cover to the ASX.

Disputes

From time to time disputes may arise or you may be unhappy with our service. We have complaint and dispute resolution procedures and encourage our clients to use these services if a dispute or complaint cannot be resolved with the adviser.

Please contact our Office Manager on (02) 9231 0880 if you are unable to resolve your dispute with your adviser or write to:

The Complaints Office
Southern Cross Equities Limited
P O Box R234
Royal Exchange
SYDNEY NSW 1225

Should you find that your complaint has not been resolved to your satisfaction, you have the right to complain to the Financial Services Complaints Resolution Scheme of which Southern Cross Equities Limited is a member.

Financial Ombudsman Services Limited
GPO Box 3
MELBOURNE VIC 3001

Phone 1300 78 0808
Fax (03) 9613 6399
www.fos.org.au

Appendix

General Privacy Statement – Use and Disclosure

From 21 December 2001, new laws came into effect for all personal information held by organisations. These laws regulate, among other matters, the way organisations collect, use, disclose, keep secure and give people access to personal information. Your right to privacy is important to us and in order to understand your privacy rights we recommend that you read this statement carefully.

Detailed below is our policy on the management of personal information.

We are collecting personal information from you to enable us to provide you with stockbroking and investment services. Personal information collected will be used to allow Southern Cross Equities to provide you with general financial securities advice and where appropriate personalised securities and financial advice as well as providing settlement for securities, derivatives and other transactions.

In addition, to allow us to provide these services to you we may provide your personal information to other parties with whom we have arrangements and who carry out on our behalf certain matters in respect to our services. These other parties are also bound by privacy rules.

Other parties include but are not limited to:

- Berndale Securities Limited (“Berndale”) our third party clearer for equity and derivatives transactions, who will use your personal information to settle and clear your equity securities transactions. Berndale advise your information will usually be disclosed to the securities clearing house, share registries, financial institutions, service providers (such as software providers, delivery companies, and mail houses), stockbrokers or financial advisers and where applicable margin lenders.
- Your bank or other financial institutions;
- Managers of managed investment schemes and providers of equity financing solutions
- Our insurers
- Our auditors;
- Entities we use for printing and/or mailing your regular statements and reports, newsletters and other services we provide for you;
- Providers of portfolio management services;
- Where relevant, your executors, auditors, administrator, trustee, accountant, guardian or attorney;
- Share registries and companies we raise capital for;
- Regulators when required by law

Depending on the product or service that we are providing to you, we may also disclose your personal information to help us develop, identify and inform you of other financial products or services that may interest you. Additionally, we will disclose information if we are required by law to do so or if the laws allow us to do so or if you provide you consent for us to do so.

If you do not consent to your personal information being used as disclosed above or if you do not provide the personal information requested, this may affect our ability to provide the services you have asked us to provide. By continuing to make transactions on your accounts, you consent to Southern Cross Equities maintaining, using and disclosing your personal information as explained in this statement.

You may request access to your personal information that we, or an outsourced service provider hold. You may be charged a fee for obtaining access to your personal information.

Requests to withdraw your consent for us to use and disclose your personal information or to request access to personal information held by an outsourced service provider or us should be made in writing addressed to:

Att: Privacy Officer
Southern Cross Equities Limited
Level 32
88 Phillip Street
Sydney NSW 2000

Where it is established that personal information we hold about you is not accurate, complete or up-to-date, we will take all steps necessary to promptly correct it.

If you supply us with information about another person, you agree to show them a copy of this statement and to tell the person that:

- We are holding information about that person;
- Personal information collected about that person will be used for the primary purpose set out in this statement and without that personal information, this purpose cannot be fulfilled;
- Personal information collected about that person will usually be disclosed to third party organisations described in this statement; and
- The person has the right to access and correct personal information we hold about him or her.

If you have any additional questions about our privacy statement please do not hesitate to contact the Office Manager on (02) 9231 0880.