



***PROFIT DISTRIBUTION PLAN
APRIL 2008***



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1. Introduction

1.1 Plan Document

The board of directors (board) of EBOS Group Limited (EBOS) has approved the adoption of the EBOS Group Limited Profit Distribution Plan (the Plan). Under the Plan, holders of ordinary shares in EBOS (shares) will receive distributions in respect of their shares in the form of bonus fully paid ordinary shares (Bonus Shares), together with an offer from EBOS to buy back all of those Bonus Shares, or such lesser proportion as each shareholder may specify. This document (Plan Document) sets out the terms and conditions of the Plan, including the mechanism for determining the number of Bonus Shares to be issued, the nature and terms of the offers to buy back Bonus Shares and is intended to give shareholders an overview and explanation of the buybacks of the Bonus Shares and the implications of those buybacks for EBOS and shareholders.

1.2 Rationale

The board has decided to implement the Plan:

- for capital management purposes, including the reduction in the amount of net cash outflow and maintenance of the company's equity base. EBOS has engaged in a period of strong growth by acquisition and has a desire to continue to develop its business opportunities;
- to provide a structure which accommodates both those shareholders who wish their share of profits to be retained as an investment in EBOS and those shareholders who wish to receive their share of the profits in cash.

The board believes that the issue and offer to buy back Bonus Shares from shareholders is in the best interests of EBOS and shareholders because:

- of the benefits outlined above;
- the Bonus Shares will be bought back at their issue price so that shareholders accepting a buyback offer in full will receive no less than (subject to any applicable withholding taxes) the amount per share that the board has determined to distribute to shareholders;
- shareholders have the option whether or not to accept an offer to buy back their Bonus Shares, and may accept the offer in whole or in part, so each can decide whether to take back some of their return of EBOS's profits in the form of cash or to continue to hold Bonus Shares;
- the payments to shareholders who accept the offer to buy back their Bonus Shares will be treated as dividends and will have imputation credits attached to them. Such shareholders will be in the same New Zealand tax position as they would have been had EBOS paid a cash dividend;
- the Bonus Shares that are retained by shareholders will not be treated as dividends and will not be subject to tax in New Zealand when issued. There may be taxation implications when shareholders sell their Bonus Shares and/or for shareholders outside of New Zealand.

2. Bonus Share Entitlement

2.1 General

The board may, in its absolute discretion, determine to issue Bonus Shares in accordance with clause 2.2. The number of Bonus Shares to be issued to a shareholder will be:

- (a) based on the amount the board determines to distribute in respect of each share; and
- (b) calculated on the basis of a set percentage of the market price of shares, as determined in accordance with the formula set out in clause 2.2, which percentage will be determined from time to time by the board in its absolute discretion. As at the date of this Plan Document, the percentage is 97.5%.

2.2 Formula for Calculation of Number of Bonus Shares

The number of Bonus Shares to be issued to a shareholder will be calculated in accordance with the following formula:

$$N = S \times B$$

Where:

N is the number of Bonus Shares to be issued to a shareholder.

S is the number of shares held by the shareholder on the record date for an issue of Bonus Shares (record date).

B is the bonus issue ratio determined in accordance with the following formula:

$$B = \frac{D}{C \times E}$$

D is the amount (expressed in cents and fractions of cents) determined by the board to be distributed per share.

C is the weighted average sale price for a share (expressed in cents and fractions of cents) calculated on all sales of shares which took place through the main board equity market (NZSX) operated by New Zealand Exchange Limited on the five trading days immediately following the record date. If no sales of shares occur during the five trading days following the record date then the average sale price shall be deemed to be the first sale price for a share which took place on the NZSX after the record date as determined by New Zealand Exchange Limited.

Any weighted average sale price so determined may be reasonably adjusted by the board to allow for any bonus or dividend or other distribution expectation. If, in the opinion of the board, any exceptional or unusual circumstances have artificially affected the weighted average sale price so determined, the board may make such adjustment to that sale price as it considers appropriate.

E is the percentage determined by the board from time to time, in its absolute discretion. As at the date of this Plan Document the percentage is 97.5%.

In this Plan the product of $C \times E$ is referred to as the 'strike price'.

2.3 Fractional Entitlements

Where the number of Bonus Shares to be issued to a shareholder as calculated in accordance with the formula in clause 2.2 includes a fraction, then the number of Bonus Shares to be issued shall be rounded up to the nearest whole number.

2.4 Material Information Publicly available

The board will ensure that at the time the bonus issue ratio is determined under clause 2.2 it will have no information that is not publicly available and that would, or would be likely to, affect materially the value of the shares if the information was publicly available.

2.5 Date of Issue of Bonus Shares

The Bonus Shares will be issued on the date determined by the board.

2.6 Terms of Issue and Ranking of Additional Shares

Bonus Shares will be issued on the terms set out in this Plan Document and, subject to the rights of revocation, suspension and modification set out in clause 7, will not be issued on any other terms and will all be subject to the same rights as each other. The Bonus Shares will, from the date of issue, rank equally in all respects with each other and with all other shares on issue as at that date.

2.7 Overseas Shareholders

The board may, in its absolute discretion, elect to issue Bonus Shares in respect of shares held by shareholders whose address is outside New Zealand to a nominee if the board considers that the issue of Bonus Shares to those shareholders would risk breaching the laws of places outside New Zealand. In such circumstances, EBOS will procure that the nominee accepts the buyback offer in respect of the Bonus Shares pursuant to clause 3.

3. Buyback Offer

3.1 Offer to all Shareholders

EBOS will offer all shareholders the right to elect to have their Bonus Shares bought back for cash by EBOS.

3.2 Buyback Offer Price

EBOS will offer to buy back each Bonus Share at the strike price

for the issue of that Bonus Share, as determined pursuant to clause 2.2.

3.3 Available Options

Shareholders may elect to participate in the buyback of Bonus Shares by exercising one of the following options:

(a) Full Participation

If a shareholder elects full participation, EBOS will buy back all of that shareholder's Bonus Shares.

(b) Partial Participation

If a shareholder elects partial participation, the percentage of Bonus Shares nominated by that shareholder will be bought back.

If a shareholder does not wish to participate in a buyback of Bonus Shares under the Plan and wish to retain the Bonus Shares issued to them, that shareholder is not required to do anything, unless it has previously elected to participate (either fully or partially) in buybacks under the Plan, in which case the shareholder must revoke its previous election by written notice to EBOS in accordance with clause 7.3.

4. Method of Acceptance

4.1 Acceptance Notice

To participate in the buyback of Bonus Shares a shareholder must:

- (a) complete the acceptance notice provided by EBOS (or such other form of election in writing as EBOS decides, in its absolute discretion, to accept) (the Acceptance Notice) in accordance with the instructions on that notice; and
- (b) forward the completed Acceptance Notice to:

Computershare Investor Services Ltd
Level 1
159 Hurstmere Road
Takapuna
Private Bag 92119
Auckland 1142

or send by facsimile to
Computershare +64 9 488 8787

or to such other person or address as EBOS may determine, by the closing date specified by EBOS.

EBOS may, in its absolute discretion, accept an election in writing it reasonably believes is from a shareholder otherwise than on an Acceptance Notice, and will have no liability to a shareholder as a result of acting in good faith in accordance with such election.

4.2 Election Effective for Future Bonus Share Issues

The election made by a shareholder on an Acceptance Notice in respect of a buyback offer under the Plan will apply in respect of all future offers to buy back Bonus Shares under the Plan until receipt by EBOS of either (a) a further properly completed Acceptance Notice in respect of subsequent buybacks of Bonus Shares under the Plan, or (b) written advice amending or revoking the election made by the shareholder on the Acceptance Notice in accordance with clause 7.3.

4.3 Effect of Subsequent Election

Each Acceptance Notice received by EBOS from a shareholder in respect of a buyback of Bonus Shares under the Plan will be deemed to revoke, and supersede the most recent previous election made by the shareholder and accepted by EBOS under the Plan (irrespective of the form of such election).

5. Payment of Buyback Proceeds and Bought Back Shares

5.1 Payment of Buyback Proceeds

EBOS will buy back, and pay the purchase price to a shareholder in respect of, Bonus Shares in accordance with the most recent Acceptance Notice received from a shareholder pursuant to clause 4 on the date that such Bonus Shares are issued pursuant to clause 2.5.

5.2 Bought Back Shares

Subject to the restrictions contained in the Companies Act 1993 and EBOS's constitution, Bonus Shares that are bought back by EBOS may either be cancelled, or may instead be held as treasury stock, in the absolute discretion of the board.

5.3 Liens or Charges over Shares

Where a shareholder elects to have their Bonus Shares, or a proportion of them, bought back by EBOS under the Plan and at the time of that buyback EBOS has a lien or charge over shares of that shareholder (whether by virtue of EBOS's constitution or otherwise), EBOS may apply the amount payable to the shareholder under that buyback towards payment of any amount then due and owing by that shareholder to EBOS in respect of that shareholder's shares.

6. Statements to Shareholders

6.1 Statements of Bonus Shares to be issued

Immediately following the determination of the strike price for an issue of Bonus Shares, and in conjunction with the offer to buy back the Bonus Shares referred to in clause 3, EBOS will send to each shareholder a statement detailing in respect of that shareholder:

- the number of shares held by the shareholder as at the relevant record date;

- the amount the board determined to distribute in respect of each share;
- the number of Bonus Shares to be issued to the shareholder;
- the issue price of those Bonus Shares, the percentage determined by the board under clause 2.1(b) (if different from 97.5%), and the price at which EBOS is offering to buy back the Bonus Shares; and
- (where applicable) the election made by the shareholder in their most recent Acceptance Notice, and advice that that election will apply to the current buyback offer for Bonus Shares unless it is varied or revoked by the shareholder in accordance with clause 7.3 of this Plan Document.

6.2 Statements following Bonus Share Issue and Buyback

Immediately following the issue and buyback (as applicable) of the Bonus Shares, EBOS will send to each shareholder a statement detailing in respect of that shareholder:

- the number of Bonus Shares in respect of which the shareholder accepted EBOS's buyback offer and the purchase price in respect of the buyback of such shares (if applicable);
- the amount of any taxation deduction;
- advice as to the amount of any imputation or other taxation credits; and
- the number of Bonus Shares in respect of which the shareholder did not accept EBOS's buyback offer (if applicable).

7. Termination, Suspension and Modification

7.1 Termination, Suspension or Modification by EBOS

The board may at any time and from time to time in its sole discretion:

- terminate or modify the Plan. If the Plan is modified, then the most recent Acceptance Notice given by a shareholder will be deemed to be an Acceptance Notice under the Plan as modified unless that Acceptance Notice is varied or revoked by the shareholder; or
- suspend the operation of the Plan for any reason including (without limitation) if:
 - it ceases to be satisfied that a particular buyback of Bonus Shares is in the best interest of EBOS, or ceases to be satisfied that the terms of the buyback offer are fair and reasonable to EBOS; or
 - it becomes aware of information that is material to an assessment of the value of shares that will not be disclosed to shareholders and as a result of which the terms of a particular buyback offer would be unfair to shareholders accepting the offer; or

- resolve that the price at which Bonus Shares are to be issued shall be at no discount to the market price, or shall be at a different discount to the market price than is then applied; or
- resolve that an Acceptance Notice will cease to be of any effect.

7.2 Prior Notice

Notice of any modification or termination of the Plan by the board will be given to all shareholders.

7.3 Variation or Revocation by a Shareholder

A shareholder may:

- increase or decrease the percentage of Bonus Shares in respect of which the shareholder wishes to accept buyback offers from EBOS by completing and sending a new Acceptance Notice to EBOS; or
- vary or revoke their most recent election regarding acceptance of offers to buy back their Bonus Shares under the Plan by giving written notice to that effect to EBOS.

7.4 Variation or revocation effective

A variation or revocation under clause 7.3 will take effect immediately upon receipt by EBOS of the new Acceptance Notice or the written variation or revocation notice, as the case may be.

7.5 Death of Shareholder

If a shareholder who has given an Acceptance Notice containing an election that they wish to accept an offer to buy back some or all of their Bonus Shares dies, such instruction will be varied or revoked by EBOS upon receipt by EBOS of a notice of death in a form acceptable to EBOS and a further Acceptance Notice or written instruction from their executor/executrix/administrator/personal representative. Death of one of two or more joint shareholders will not automatically terminate the continuing effect of instructions in the most recent Acceptance Notice received by EBOS from those joint shareholders.

7.6 Dispositions of all of Shares Post Record Date

For the avoidance of doubt, if a shareholder disposes of all of their holding of shares after the record date for an issue of Bonus Shares without giving EBOS written notice varying or revoking their election in the most recent Acceptance Notice, that election will continue to apply in respect of any buyback offer in respect of Bonus Shares issued with respect to the shares disposed of by them.

8. Taxation

The statements below in relation to taxation are based on New Zealand taxation laws current at the date of this document. They are for guidance only, and EBOS recommends that shareholders consider their own tax position and seek their own tax advice if necessary.

8.1 New Zealand Shareholders

Bonus Shares will not be subject to tax on issue irrespective of the shareholder's marginal tax rate or whether they hold their shares on revenue or capital account. The proceeds of the buyback of Bonus Shares paid to New Zealand shareholders will be treated as a dividend for tax purposes and will be taxable to the shareholder at their respective marginal tax rates. Where EBOS attaches imputation credits to such proceeds, the resident withholding tax liability will be reduced by the amount of the imputation credits. The taxation consequences for New Zealand resident shareholders who retain their Bonus Shares and then subsequently sell them on-market will depend on whether they hold their shares on revenue or capital account. Shareholders who hold their shares on capital account will not be taxable upon sale of the Bonus Shares on-market. A shareholder who holds shares on revenue account should be taxable on the sale proceeds of the shares, and should be entitled to a deduction for a part of the cost of their total shareholding in EBOS. EBOS recommends these shareholders discuss the calculation of the taxable gain with their tax advisors.

8.2 Non-Resident Shareholders

EBOS has not reviewed the taxation consequences of the Plan for shareholders who are resident outside New Zealand. EBOS recommends that these shareholders discuss the tax implications of the Plan in their home country with their tax advisors.

For non-resident shareholders who sell their Bonus Shares through the off-market share buyback facility, EBOS can elect to pay a supplementary dividend under the foreign investor tax credit regime. The supplementary dividend compensates the non-resident shareholder for the cost of the non-resident withholding tax deducted from the proceeds of the shares bought back. Non-resident shareholders who retain their Bonus Shares will have no New Zealand tax consequences.

9. Costs

There are no charges for participation in the Plan. No brokerage costs will be incurred by shareholders on the issue or buyback of Bonus Shares.

10. Stock Exchange Quotation

The Bonus Shares which may be issued under the Plan have been accepted for quotation on the NZSX.

11. Governing Law

The Plan Document and the Plan, and its operation, will be governed by the laws of New Zealand.

12. Other Information

A copy of EBOS's most recent interim and annual reports are available to shareholders free of charge by writing to:

The Company Secretary
EBOS Group Limited
P O Box 411
Christchurch
New Zealand

Alternatively a copy can be downloaded from the company's website (Investor section): www.ebos.co.nz or requested by email to ebos@ebos.co.nz

For shareholder and corporate enquiries, please phone +64 3 339 5062 or email ddoherty@ebos.co.nz

EBOS website: www.ebos.co.nz



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