



TOLHURST
SINCE 1857

Market Update

Merger with Patersons Securities Limited

As announced on 27 January 2009, Tolhurst Group Limited (Tolhurst) recently entered into a terms sheet for the merger of its stockbroking business with Patersons Securities Limited (Patersons). The Board of Tolhurst is now pleased to announce the signing of a binding Business Sale Agreement (BSA) with Patersons in relation to the merger. The sale remains subject to certain conditions precedent but the parties are confident of completing the sale on Friday, 27 March 2009 following Tolhurst's shareholder meeting of the same date.

The purchase price of the stockbroking business under the terms of the BSA is now estimated to be between \$1.9 million and \$2.1 million (subject to final quantification of employee entitlement provisions and other adjustments). The issue price of Patersons shares will be \$0.56921 per share. Accordingly, Tolhurst is expected to receive between 3,337,959 and 3,689,323 shares as initial consideration for the stockbroking business, equating to a proportional holding of between 5.2% and 5.8% in Patersons.

The number of consideration shares expected to be received by Tolhurst as part of the merger with Patersons is lower than estimated in the earlier announcement due to a number of factors including further recent trading losses experienced by Tolhurst, a reduction in the agreed fixed assets transferred to Patersons as part of the merger, the inclusion of employee entitlement provisions, a number of other investment assets not transferring to Patersons, and the retention of working capital within Tolhurst to meet near term operational commitments.

Tolhurst will still have the right to increase its shareholding in Patersons by the exercise of options over Patersons shares (subject to certain approvals from Patersons shareholders being obtained). In order to ensure that sufficient Tolhurst client advisors transferred to allow the transaction to proceed, Tolhurst agreed to forgo its right to subscribe for 4,000,000 Patersons shares on the condition that those shares were offered to those advisors by Patersons conditional upon them accepting employment with Patersons. If the transferring advisors do not take up all of the Patersons shares offered to them, the right to subscribe for the balance of the shares will revert to Tolhurst. Accordingly, Tolhurst will have an entitlement to increase its shareholding in Patersons to between

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24.4% and 31% depending on the take up of Patersons shares by the advisors.

If Patersons does not obtain the relevant shareholder approvals Tolhurst may only be able to increase its holding to 19.9%. If this occurs Tolhurst will only be able to increase its shareholding in Patersons to 19.9% but will receive \$100,000 from Patersons.



David Fotheringham
COMPANY SECRETARY

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