

CML Group Limited
ACN 098 952 277

DIVIDEND REINVESTMENT PLAN

INFORMATION BOOKLET FOR SHAREHOLDERS

IMPORTANT NOTE TO SHAREHOLDERS

Under the Corporations Act a prospectus is not required to be lodged or registered in relation to shares to be issued under the DRP described in this Information Booklet. Consequently, this Information Booklet does not contain the information which would be contained in such a prospectus, for example, in relation to CML Group Limited, its assets and liabilities, financial position, profits and losses and prospects. If you are in any doubt as to whether to participate in the DRP and in particular if you are unclear about the taxation implications of participating in the Plan, you should consult your own financial adviser without delay.

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ENQUIRIES

If you require further information concerning the Plan please contact or write to either of the following addresses:

Computershare Registry Services Pty Limited

452 Johnston Street or GPO Box 2975EE
Abbotsford Vic 3067 Melbourne Vic 3001

Telephone: (03) 9415 4000 or 1300 850 505

Facsimile: (03) 9473 2500

Mr Ralph Stonell

Company Secretary

CML Group Limited

Level 4

61 Lavender Street

Milson's Point NSW 2061

Telephone: 1300 666 177

Facsimile: (02) 9267 1567

EXPLANATORY OUTLINE

of the

CML Group Limited ("CML GROUP")

DIVIDEND REINVESTMENT PLAN ("DRP" OR THE "PLAN")

DECISION REQUIRED BY SHAREHOLDERS

Shareholders should decide which of the following alternatives suits their particular circumstances with respect to dividends to which the Plan may apply:

ALTERNATIVE 1: RECEIVE CASH

Shareholders may receive cash for all of their dividends.

ALTERNATIVE 2: PARTICIPATE IN THE DRP

Shareholders may elect to participate in the DRP and reinvest part or all of their dividends the subject of the DRP in additional fully paid ordinary shares in CML Group. The dividend on the balance of your shareholding (if any) will be paid in cash. The number of shares issued pursuant to the DRP and the issue price will be in accordance with the Rules of the DRP (see Features of the Plan on the following page for summary details) free of any brokerage, commission, stamp duty and other transaction costs.

ALTERNATIVE 3: ANY COMBINATION OF CASH AND DRP

Shareholders may receive cash and/or elect to participate in the DRP in any combination.

ACTION REQUIRED BY SHAREHOLDERS

The following action is required by shareholders with respect to each of the above alternatives:

ALTERNATIVE 1: RECEIVE CASH

If you wish to receive all of your dividends in cash, no action is required.

ALTERNATIVE 2: PARTICIPATE IN THE DRP

ALTERNATIVE 3: ANY COMBINATION OF CASH AND DRP

If you wish to participate in the DRP with respect to dividends the subject of the Plan for part or all of your shareholding (i.e. if you decide either Alternative 2 or 3 suits your particular circumstances), you must complete the Election Form enclosed with the Information Booklet and ensure that it is received at the Share Registry, Computershare Registry Services Pty Limited, Computershare Registry Services Pty Limited, 452 Johnston St, Abbotsford Vic 3067 or GPO Box 2975EE, Melbourne Vic 3001, prior to the DRP Election Date for the relevant dividend.

Please note that if your shares are held under different shareholder reference numbers in the Register you will need to complete an Election Form in respect of *each* separate shareholder reference number.

FEATURES OF THE PLAN

Number of Shares Issued and Issue Price of Shares:

Under the DRP, the relevant dividend payable in cash on shares participating in the DRP will be applied by CML Group on your behalf in subscribing for fully paid ordinary shares in CML Group. Such shares will be issued at either:

- (i) the price determined by the Board in its absolute discretion and announced to ASX as the fixed price per share (if any) at which shares will be issued pursuant to the DRP;

or, if there is no fixed price determined by the Board for the relevant dividend:

- (ii) the price derived by applying a discount (as determined by the Board and announced to ASX) to the volume weighted average market price (on an ex-dividend basis) of CML Group shares during the five trading days subsequent to and inclusive of the Ex-Dividend Date for the relevant dividend provided however that where no sales are recorded over the aforementioned period or if, in the opinion of the Board, in its absolute discretion, the market for shares in CML Group is affected by any unusual or extraordinary circumstances, the “market price” of CML Group shares means the fair ex-dividend market value of CML Group shares given the relevant circumstances as determined by Board in its absolute discretion. The price determined in accordance with the rules in this paragraph (ii) will be rounded to the nearest 0.5 cent and may be subject to a maximum or minimum price determined by the Board in accordance with the Rules of the DRP.

Ranking of Shares: Shares issued pursuant to the Plan will rank equally in all respects with all other fully paid ordinary shares on issue.

No Costs: Shares issued pursuant to the Plan will be allotted free of any brokerage, commission, stamp duty and other transaction costs.

Share Statements: Statements will be issued as soon as practicable after the shares are issued pursuant to the Plan.

Modification of Rules: The Board may modify the Rules of the Plan from time to time and at any time as it considers appropriate.

Suspension or Termination: The Board may suspend or terminate the operation of the Plan in its absolute discretion from time to time and at any time it considers appropriate in relation to dividends in the future.

TIME PERIODS FOR ELECTION

Your Election Form must have been received by the DRP Election Date which is two Business Days after the Record Date for the relevant dividend.

Once you have elected which shares are to participate in the Plan, you cannot vary that election after the DRP Election Date for the relevant dividend.

VARIATION OF ELECTION

Subject to the Rules of the Plan, if you wish to vary your previous election you may do so by delivery to the Share Registry of a Variation Notice by the DRP Election Date for the relevant dividend.

ELIGIBILITY TO PARTICIPATE

Subject to any applicable law, all shareholders are eligible to participate in the Plan.

The Board may determine that shareholders are not eligible to participate in the Plan if they have registered addresses in a country or place where the offer of a right to participate would or might be unlawful, impossible or impracticable.

Shareholders resident in other countries should seek their own legal advice as to whether the laws of their country of residence allow participation in the Plan.

SUMMARY OF TAX POSITION

Residents:

Under the DRP, participating resident shareholders use the relevant dividend the subject of the DRP paid on participating shares to subscribe for additional fully paid ordinary shares in CML Group. For taxation purposes, shares received under the DRP are treated as though the shareholder had received a cash dividend and then paid it back to CML Group to subscribe for new shares. The Company's understanding is that:

- (i) shares received under the DRP are treated as having been purchased by the reinvestment of cash dividends for the purposes of the Australian dividend imputation system. A participant in the DRP will therefore be subject to tax on the same basis as a recipient of cash dividends. Accordingly, where the Company declares "franked dividends", a participant in the DRP will be treated as receiving franked dividends to which "franking rebates" (i.e. tax credits) attach for Australian income tax purposes. "Top-up tax" may be payable at the difference between the corporate tax rate of 30% upon which the franking rebate is based and the individual marginal tax rate of the relevant shareholder;

- (ii) shares received under the DRP will, in general, be subject to Australian capital gains tax upon disposal, regardless of whether the CML Group shares in respect of which they are issued were acquired by the participating shareholder before, on or after 20 September 1985. The cost base of the shares received under the DRP will be calculated for capital gains tax purposes on the basis they were acquired at a cost equal to the cash value of the dividend which is applied to pay for the shares. The acquisition date for capital gains tax purposes will be the date of issue of the shares under the DRP.

Non Residents:

A non-resident shareholder should not be subject to Australian tax on receipt of the relevant dividend the subject of the Plan. A non-resident is not able to make use of franking credits to reduce Australian tax on other income. In addition, a non-resident will not be subject to dividend withholding tax on the relevant dividend to the extent that the dividend is franked. If the dividend is not franked, dividend withholding tax at the rate of 30% (or, if paid to a resident of a country with which Australia has a double tax agreement, the lower rate specified in the agreement) will be withheld from the dividend and paid to the Australian Taxation Office. The capital gains tax consequences of participation by a non-resident in the Plan would be as described above for residents, although most non-residents would not in any event be subject to Australian capital gains tax in respect of their CML Group shares.

Independent Tax Advice:

The above comments concerning the taxation position of shareholders are necessarily general in nature and shareholders should seek and rely upon their own taxation advice in relation to the Plan.

The precise taxation position of a shareholder under the Plan will depend upon the particular circumstances of the shareholder. Specifically, this summary does not address taxation issues relevant to shareholders in special circumstances, such as share traders or persons carrying on an investment business. The sole purpose of this summary is to outline the basic features of the Plan. Shareholders should not rely upon this summary for taxation purposes, and neither the Company nor any of its officers or advisers nor the Share Registry accepts liability or responsibility in respect of any statement concerning taxation consequences, or in respect of the taxation consequences themselves.

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DIVIDEND ALTERNATIVES: ELECTION FORM (AND VARIATION NOTICE)

THIS DOCUMENT IS IMPORTANT Complete this form if:

- you wish to receive Shares under the Dividend Reinvestment Plan; or
- you wish to receive any combination of Shares under the Dividend Reinvestment Plan and cash; or
- you wish to vary an election previously given.

IF YOU DO NOT COMPLETE THIS FORM YOU WILL AUTOMATICALLY RECEIVE YOUR DIVIDENDS IN CASH.

Name

Address
.....
.....
..... Postcode

Shareholder
Reference No.

(If a shareholder has more than one shareholder reference number, each shareholder reference number should be inserted and a separate Election Form prepared for each shareholder reference number).

TO COMPLETE THIS FORM CORRECTLY AND MAKE A VALID ELECTION SELECT ONLY ONE OF THE ALTERNATIVES SHOWN BELOW:

1. If **FULL DIVIDEND REINVESTMENT PLAN ("DRP") Participation** is required, insert "**FULL**".

2. If **PARTIAL DRP Participation** is required, insert the **number** of your Shares you would like to participate in the DRP. The Dividend on the balance of your shareholding (if any) will be paid automatically in cash.

DRP

CASH

Balance in cash

3. If you wish to **TERMINATE your DRP Participation**, insert "**TERMINATE**".

TO ENSURE PARTICIPATION OR VARIATION OF PARTICIPATION IN THE DIVIDEND REINVESTMENT PLAN, THIS CORRECTLY COMPLETED FORM MUST BE RECEIVED AT THE SHARE REGISTRY, COMPUTERSHARE REGISTRY SERVICES PTY LTD, 452 JOHNSTON STREET, ABBOTSFORD VIC 3067 OR GPO BOX 2975EE, MELBOURNE VIC 3001, PRIOR TO THE DRP ELECTION DATE WITH RESPECT TO THE RELEVANT DIVIDEND.

I/we apply to participate in the Dividend Reinvestment Plan according to the above election.

I/we agree to be bound by the terms and conditions of the Rules of the Dividend Reinvestment Plan in respect of my/our nomination to participate in the DRP.

I/we hereby authorise CML Group Limited to apply my/our Dividend payment the subject of the Dividend Reinvestment Plan in respect of the Shares nominated by me/us in accordance with the terms and conditions of the DRP stipulated during my/our participation in the DRP.

I/we acknowledge that I/we may vary or terminate my/our participation in the Dividend Reinvestment Plan in writing in accordance with the terms and conditions of the DRP.

Please Sign:.....

Date:

.....
(See notes below for Lodgement/Signing instructions)

Telephone No. (Home)

Telephone No. (Work)

Please provide both work and home telephone numbers (if applicable) so that we may reach you if we have any questions about this Election Form.

LODGEMENT INSTRUCTIONS

All joint holders must sign.

A Company must execute in accordance with section 127 of the Corporations Law or by a fully authorised attorney.

If signed under Power of Attorney, the Attorney hereby states that no notice of revocation of the power has been received. If the Power of Attorney has not been noted by CML Group Limited previously, it must be produced for noting.

ELECTION FORMS ARE TO BE SENT TO:

By hand:

Computershare Registry Services Pty Limited
452 Johnston St, Abbotsford Vic 3067

Or

By mail:

Computershare Registry Services Pty Limited
GPO Box 2975EE, Melbourne Vic 3001

If you require any further information, contact the Share Registry at the above address or telephone +61 3 9415 4000 or 1300 850 505.

INVALID FORMS

Forms incomplete or incorrectly signed may be treated as invalid and the shareholder may receive the Dividend in cash.

THIS DOCUMENT IS IMPORTANT

IF YOU DO NOT UNDERSTAND THIS DOCUMENT OR ANY PART OF IT, YOU SHOULD IMMEDIATELY CONSULT YOUR STOCKBROKER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL FINANCIAL ADVISER.