

FINANCIAL SERVICES GUIDE

KNM Services Pty Ltd AFSL 223477

This guide contains important information about:-

- Who we are
- How we can be contacted
- The financial services we offer
- Information about our remuneration and fees
- Any potential conflict of interest we may have
- Who to contact should you have a complaint

The purpose of this guide is to introduce you to KNM Services Pty Limited (KNM) and to offer you information about the financial services provided by KNM. It aims to assist you in deciding whether to use any of the services we offer and includes information about our remuneration and how we deal with complaints.

KNM

KNM is an Australian Financial Services Licensee. We specialise in providing advice on life insurance and superannuation products

KNM has offices in Cairns, Ingham, Mackay, Kingaroy, Brisbane and the Gold Coast. These are all staffed locations. We have authorised representatives in Cairns, Townsville, Ayr, Mackay, Rockhampton, Brisbane, Gold Coast, Sydney and Melbourne.

KNM is committed to providing specialist advice on life insurance and superannuation to the people of regional and rural Australia. We deal with the professional and small business community and a wide range of other clients who need the security of life insurance, income protection and advice on their superannuation.

We also work in the building, design and development industry. This includes engineers, architects, surveyors, designers and developers as well as the building industry itself.

KNM deals with all of the major life insurance providers in Australia, including for example, TAL (formally known as Tower), AXA, Onepath, Zurich, MLC, CommInsure and AIA.

Our objective is that we seek from the market the best value solution for our clients.

We have approximately 3,500 insured clients and attract new business by way of referral. Our authorised representatives have their own additional clients.

We have 24 shareholders and our Board of Directors comprises:-

Non Executive Chairman

Brian Stewart
LLB, MBA

Managing Director

Marty Carne
BM, BBus, LLB, LLM, GCAFI

Executive Director

Kevin Hardwick

Non-Executive Director

Rod Baker
BBus, CPA

KNM employs specialists in life insurance. We also provide specialist services in superannuation, self managed superannuation and general insurance. KNM Legal provides a range of specialist legal advice ranging from wills and estate planning to general commercial matters.

The Adviser Profile

An Adviser Profile, which is attached, forms part of this FSG. This profile provides details about your adviser. If the profile is not attached then please ask the adviser for this document or contact our Head Office.

What kinds of financial services are we authorised to provide and what products do those services relate to?

As an Australian Financial Services License holder, KNM is authorised to provide advice on and deal in the following classes of financial products:-

- (1) life products including:-
 - investment life insurance products; and
 - life risk insurance products
- (2) superannuation
- (3) general insurance products
- (4) interests in managed investment schemes including investor directed portfolio services
- (5) deposit and payment products limited to:-
 - basic deposit products
 - deposit products other than basic deposit products
- (6) debentures, stocks or bonds issued or proposed to be issued by a government

We specialise in providing advice to retail clients in relation to a wide range of financial products, including:-

- Life insurance
- Trauma insurance
- Income protection insurance
- Total & permanent disablement insurance
- Business insurance
- Key Man Insurance
- Buy/Sell agreements
- Succession Planning
- Superannuation

A number of these products may be arranged through a superannuation fund.

When it comes to superannuation our employed specialist superannuation adviser is equipped to provide you with a range of personalised options. We don't deal in high risk agricultural schemes or highly leveraged financial products. We deal with your superannuation like it is our own.

In addition to providing product advice, we can also provide certain services. For example, after you have accepted our advice we will arrange with the relevant product issuer for you to be issued with the particular products recommended.

If at any time you suspect your insurance policies or superannuation need upgrading or reviewing in some way, KNM will arrange this for you.

It is at claim time when our services will be of most importance to you. You can rest assured that KNM will do everything possible to facilitate your claim and to make the process easier.

How do we provide advice?

We are authorised to provide you with both personal and general financial product advice.

Before providing you with personal financial product advice, we will undertake a "needs analysis". This assists us to provide you with advice that is appropriate to your personal circumstances. The advice will be presented to you by way of a Statement of Advice. The Statement of Advice contains the basis for our advice and the advice itself.

If, for any reason, you do not provide us with your relevant personal circumstances then we can only provide you with limited or general advice. If this is the case, we will let you know.

We can also provide you with factual information about superannuation and insurance policies such as the nature of insurance policies, the coverage of an insurance policy, options available in a superannuation fund, the premium payable and pension options.

If we provide further advice to you and your personal circumstances have not significantly changed since you received a Statement of Advice we may put that further advice in what is called a Record of Advice. You may request a copy of the record of that further advice at any time up to 7 years from the date our representative gave the further advice to you.

You can request the Record of Advice by contacting us in writing or by telephone or email. See our contact details at the end of this Financial Services Guide.

How can you provide instructions/information to us?

You can specify how you would like to give KNM or your adviser instructions/information. For example, you can give instructions by telephone, fax or email.

Do we have any relationships or associations with product issuers which might reasonably influence us?

KNM is owned by a number of shareholders. TAL (formally known as TOWER Australia Limited) is one such minority shareholder. TAL is a product issuer, with whom KNM deals.

How are we paid for the services we provide?

We may be paid in various ways according to the service you require and our arrangements with the relevant product issuer.

Payment by the product issuer

Unless we tell you otherwise, when dealing with life insurance KNM is remunerated by commission from the relevant product issuer when you enter into a financial product recommended and arranged by us.

In relation to life insurance products, the commission is a percentage of the premium. For calculating commission, the premium excludes government fees and charges and some product issuers also exclude premium loadings from the commission calculation.

There are generally two types of commission paid. The initial commission relates to the first year's premium that you pay. The rate for initial commission has a range of 0% to 112.5% (excluding GST). The renewal commission relates to every subsequent year's premium and has a range of 0% to 38% (excluding GST).

For example, if the annual premium for the life insurance product you acquire as a result of our advice and arrangement is \$1,000, KNM could receive up to \$1,125 in the first year and up to \$380 every year thereafter while the policy remains in force through us. Out of this commission KNM must pay for its employed advisers, administration personnel's wages, rent, compliance, professional indemnity insurance, training, accounting services and general overheads.

In relation to superannuation products, KNM may receive commission. This is paid by the product issuers and is in a range from 0% to 5% of the superannuation funds that we recommend and arrange for you to invest. This commission is paid each year.

For example, if your superannuation fund has a value of \$100,000, KNM could receive up to \$5,000 per annum.

However, when it comes to Superannuation, KNM generally does not receive commission. Instead a fee is charged. This fee is set at the time we deal with you, but can be as much as 5% of your contribution and your funds under advice. We may also charge a flat fee for the preparation of a Statement of Advice and/or establishing your superannuation solution.

KNM may receive bonuses from product issuers. At the date of this FSG, TAL pays KNM a bonus

based on the increase in the value of the premiums paid to TAL which is attributable to KNM's recommendations and arrangements. Based on current projections KNM expects the maximum bonus payable to be less than 15% of the growth in the premiums from year to year. In addition, KNM receives 1% of the total in-force premium.

AIA pays KNM an additional 5% commission on all new business premium submitted and an additional 2% commission on renewal premiums. These bonuses are paid annually.

AXA may also pay an annual bonus of between 0.7% and 3.0% on the total of the annual in force premiums for the average of the relevant 12 month period. AXA may also pay a biannual bonus of between 0.015% and 0.15% on the total of the funds invested at the date of calculation

Other remuneration information

Staff of KNM receive an annual salary. In addition, employed advisers may receive up to 50% of the first year's premium recommended and arranged.

Where a third party has referred you to us, we may pay them a referral fee of up to 30% of the commission or fees received by KNM.

All remuneration, including the bonuses detailed above, will be disclosed in detail in the Statement of Advice that is given to you prior to proceeding with your business.

Fees paid by You

We may charge you a fee for our advice and for arranging a financial services product on your behalf. We will inform you of the nature and amount of any fee involved prior to us performing the service for you.

What information do we maintain about you and how can you access it?

We maintain a record of your personal profile, which includes details of your objectives, financial situation, needs and any recommendation we made to you.

We are committed to implementing and promoting a privacy policy, which will ensure the privacy and security of your personal information. A copy of our privacy document is enclosed for your information. If you wish to examine your file, we ask that you make a request in writing and allow up to fourteen days for the information to be forwarded. Every effort will be made to comply with your request.

We reserve the right to charge a fee to cover the cost of verifying the application and locating, retrieving, reviewing and copy any material requested. If the information sought is extensive, we will advise of the likely cost in advance and can help to refine your request if required.

What should I do if I have a complaint?

KNM will always seek to resolve complaints quickly and efficiently with the fairest possible result. If you have any queries please write to:

The Managing Director
KNM Services Pty Limited
Level 1, Suite 7
463 Nudgee Road
Hendra Qld 4011

If you are not satisfied you may refer the matter to:

Financial Ombudsman Services (FOS)
PO Box 579
Collins Street West, Melbourne, Vic 8007.
Tel 1300 780 808
Fax 03 9621 2291

FOS is an industry sponsored company that seeks to advise and assist clients to resolve complaints with their financial advisers. FOS is an independent and impartial company.

The Australian Securities and Investments Commission also has a free call Info Line on 1300 300 630.

Please contact the Managing Director at KNM's Brisbane address (above) or on telephone number 07 3620 6200 if you have any further questions. Please retain this document for your future reference.

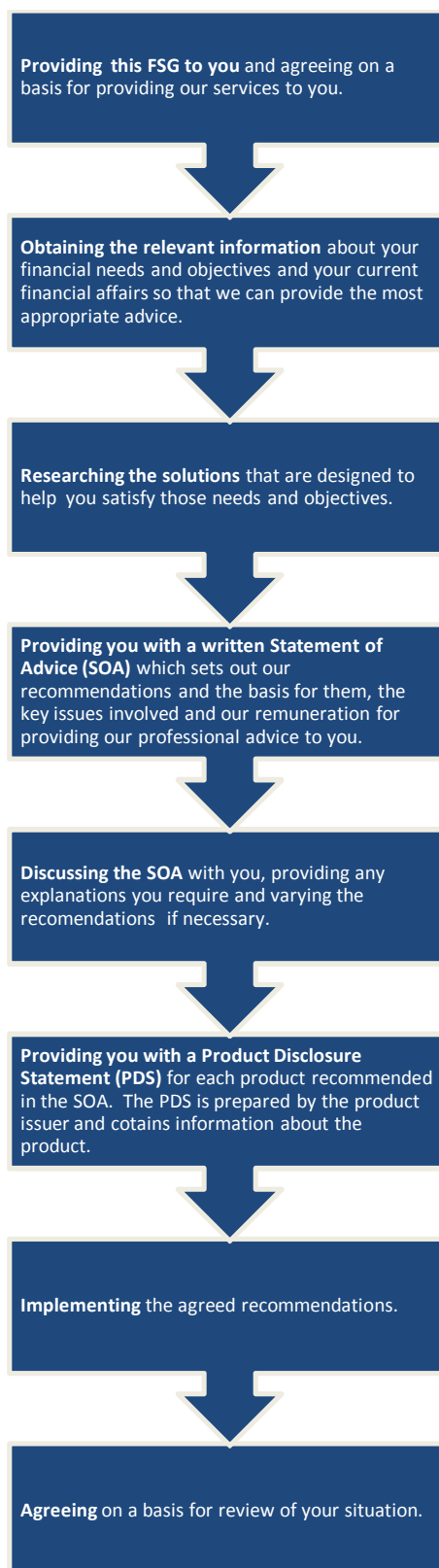
Professional Indemnity

We have arrangements in place to maintain adequate professional indemnity insurance as required by the Corporations Act. This insurance provides cover for claims made against us and our representatives/employees including claims in relation to the conduct of representatives/employees who no longer work for us but who did so at the time of the relevant conduct.

The Process

Our role is to understand your financial needs and objectives, and to recommend solutions that help you satisfy those requirements.

The process we will follow includes:-



If, at any time, you do not understand any of the advice we provide, you should seek clarification from us.

Privacy Statement

At KNM Services Pty Limited (KNM) your right to privacy has always been important to us. This document explains why we collect your personal information and how we may use or disclose that information.

We collect information about you to provide you with various insurance/superannuation products and services to you. We usually collect personal information such as name, age, contact details, payment details, occupation, family and medical history and employment information. The full details of the types of personal information we collect can be found in the questions we ask and/or in the forms we ask you to complete.

In some situations we may collect your personal information from a third party such as your medical practitioner or health professional, accountant, employer or superannuation provider. We will only do so with your consent.

If you do not provide information sought by KNM from time to time, it may affect KNM's ability to provide you with various products or services. You are required by law to disclose all relevant information to us when you application form for further details of this duty and the

We use your personal information to manage and administer all products and services we provide to you, ie provide you with information about other products or services that may be of benefit to you, and to ensure our internal business operations are running smoothly (which may include fulfilling regulatory and legal requirements and confidential system testing).

Depending on the type of product or service we provide to you, we may need to disclose your information to certain third parties. If we do this we require these parties to protect your information in the same way we do. The types of organisations we may need to disclose your personal information include:-

- External service providers that provide financial, legal, administrative or other services in connection with the

operation of our business (for example our auditors, compliance consultants etc);

- Government agencies (as part of our regulatory or statutory obligations;
- Where we collect your information from a third party, then we may disclose your personal information to that person or entity;

- Where you were referred by a third party (eg accountant) then we may disclose your personal information to that party;
- Insurance, superannuation or funds management product issuers with your consent; and
- Other organizations that may wish to offer you their service

Your health and medical information will only be disclosed to service providers or authorised personnel who are directly involved in the assessment or administration of your application. Your personal information will not be used or disclosed for any purpose without your consent, except where required by law.

By completing a fact find/application form or any other form, you consent to KNM collecting, using, disclosing and handling your personal information as set out in this document.

You can request access to the personal information we hold about you. You may ask us at any time to correct this information where you believe it is incorrect or out of date.

There will be no fee for requesting access to your information. However, we may charge you the reasonable cost of processing your request.

To access your personal information, or to obtain more information about your rights or our Privacy Policy, please contact KNM's Privacy Officer at:-

Level 1, Suite 7
463 Nudgee Road
Hendra Qld 4011
Email: Brisbane@knmservices.com.au
Tel 07 3620 6200 Fax 07 3852 1444



KNM Services Pty Ltd

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Australian Financial Services License No. 223477

Head Office

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4 November 2011

Adviser Profile

This adviser profile is part two of the KNM Services Pty Ltd Financial Services Guide dated 26 September 2011 and should be read in conjunction with that document.

Trudy Kattwinkel

Dip FS, BComm

Risk Insurance Adviser

Mobile: 0419 628 190

Email: info@avinsure.com.au

Trudy Kattwinkel is authorised by KNM Services Pty Ltd to provide you with advice on and deal in the following financial products:-

- Life Insurance
- Income Protection

Qualifications

Trudy has a Diploma in Financial Services and a Bachelor of Commerce.

Other Information

KNM Services receives all remuneration upon implementation of the products and services provided by AvInsure. KNM then pays AvInsure 90% of all commissions received. From this AvInsure funds the costs associated with operating a business.

AvInsure also pays KNM a flat licence fee on a monthly basis.

Trudy Kattwinkel

Authorised Representative No.
401434 of KNM Services Pty Ltd

Av Insure Pty Ltd

Corporate Authorised Representative No.
401433 of KNM Services Pty Ltd



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