

**Substantial Security Holder Notice**

Tick the appropriate box(es)

|                          |   |                                     |  |
|--------------------------|---|-------------------------------------|--|
| <input type="checkbox"/> | Notice that a person has become a substantial security holder (section 20 (3))  | <input checked="" type="checkbox"/> | Notice that a person has ceased to be a substantial security holder (section 21 (3))                   |
| <input type="checkbox"/> | Notice of change in the number of voting securities in which a substantial security holder has a relevant interest (section 21 (1)) | <input type="checkbox"/>            | Notice of change in the nature of relevant interest held by a substantial security holder (section 22) |

**Mellifcare Limited**  
Name of public issuer

**Eric John Watson**  
Name of substantial security holder

**C/ Level 1, 1 Nelson Street, Auckland**  
Address of substantial security holder

**Les Archer**  
Contact name for queries

**09 363 1200**  
Telephone Number

|   |  |                                |
|---|--|--------------------------------|
| <b>Nil</b><br>Total number of voting securities of the public issuer in which a relevant interest is held | <b>88,548,541</b><br>Total number of voting securities issued by public issuer | <b>Nil</b><br>Total percentage |
|---|--|--------------------------------|

**Ordinary shares**  
Class of voting securities

**one**  
Number of votes attached to each voting security in that class

**BENEFICIAL RELEVANT INTERESTS**

**-**  
Number of voting securities of the class in which a beneficial relevant interest is held

**-**  
Percentage held at date of THIS notice

**-**  
Percentage held at date of LAST notice (if any)

**DETAILS OF EACH RELEVANT INTEREST**

|   |   |
|---|---|
| <b>-</b><br>Name(s) of registered holder(s) |   |
| <b>-</b><br>Date(s) of transaction(s)       |   |
| <b>-</b><br>Number of voting securities     | <b>-</b><br>Consideration (expressed in NZ\$) |

**NON-BENEFICIAL RELEVANT INTERESTS**

**Nil**  
Number of voting securities of the class in which a non-beneficial relevant interest is held

**Nil**  
Percentage held at date of THIS notice

**9.36%**  
Percentage held at date of LAST notice (if any)

**DETAILS OF EACH RELEVANT INTEREST**

|   |   |
|---|---|
| <b>United Healthcare Limited and Sapphire Equities Limited</b>  |   |
| <b>5(1)(f) and 5(2)(c) and (e)</b><br>Provision(s) of section 5 | <b>28 May 2004</b><br>Date(s) of transaction(s)             |
| <b>8,104,987</b><br>Number of voting securities                 | <b>\$17,425,722.05</b><br>Consideration (expressed in NZ\$) |

**On market sale of 8,104,987 shares - 5,378,155 shares by United Healthcare Limited and 2,726,832 shares by Sapphire Equities Limited. United Healthcare Limited and Sapphire Equities Limited are owned by United Healthcare Investments Limited, an ultimate subsidiary of Hanover Group Limited, 50% of which is indirectly under the effective control of Mr Watson through a power of appointment of trustees and beneficiaries over the Peak Trust, which indirectly owns 50% of Hanover Group Limited.**

Description of nature of transaction(s), including the name(s) of any other party to the transaction(s) (if known)

Relevant documentation - forms part of this notice.....

is not required to be filed.....

has already been filed with the notice dated.....

|   |  |   |
|---|--|---|
| <b>1</b><br>Number of pages that accompany this notice (if any) | <b>18 March 2004</b><br>Date of last notice (if any) | <b>Hanover Group Limited, United Healthcare Investments Limited and United Healthcare Limited</b><br>Name(s) of any other person(s) who is (are) believed to have given, or to be intended to give, a substantial security holder notice in relation to the securities to which this notice relates |
|---|--|---|

I declare that to the best of my knowledge and belief the information contained in this notice is correct and that I am duly authorised to give this notice

|   |                                |                            |
|---|--------------------------------|----------------------------|
| <br>Signature (unless filed by electronic means other than facsimile) | <b>Les Archer</b><br>Full name | <b>31 May 2004</b><br>Date |
|---|--------------------------------|----------------------------|