During the periods 5th to 20th June and 5th to 20th December in each year commencing in 1940, holders of Stock, including holders of Stock drawn in accordance with the above provisions, will have the option of converting such Stock in sums of £100 as to one-half into New Zealand Government £3½ per cent. Stock, 1949-54, and as to one-half into New Zealand Government £3½ per cent. Stock, 1955-60, at rates to be published from time to time.

Applications for conversion under the above option must be made on the special forms to be obtained from the Bank of England.

The New Zealand Government reserve the right on, or at any time after, the 1st July, 1941, on giving not less than three months' notice by public advertisement in *The Times*, to redeem at par, together with accrued interest, the whole of the Stock or any part thereof not being less than the nominal amount of £1,000,000 sterling at any one time. On any such partial redemption the Stock to be redeemed will be selected by drawings.

Under the provisions of the New Zealand Loans Act, 1932, the principal of and interest on the Stock of this Issue are charged upon Public Revenues in New Zealand.

Under the provisions of the New Zealand Land and Income Tax Act, 1923 (No. 21), income derived by a person not resident in New Zealand from New Zealand Government Stock the interest on which is payable in London is not liable to taxation in the Dominion.

By Act 40 and 41 Vict., Ch. 59, the revenues of the Dominion of New Zealand alone are liable in respect of the Stock and the interest thereon and the Consolidated Fund of the United Kingdom and the Commissioners of His Majesty's Treasury are neither directly nor indirectly liable or responsible for the payment of the Stock or of the interest thereon, or for any matter relating thereto.

The transactions of the New Zealand Ordinary Revenue Account for the year ended 31st March, 1939, resulted in a surplus of £(N.Z.)809,000. This followed surpluses of £(N.Z.)281,800, £(N.Z.)472,030, and £(N.Z.)810,822 in the years to 31st March, 1936, 1937, and 1938 respectively.

The exports from New Zealand during the six months to the 30th June, 1939, amounted to £(N.Z.)36,782,000 and the imports to £(N.Z.)28,187,000, resulting in a favourable visible balance of trade during this period of £(N.Z.)8,595,000. The value of exports to the United Kingdom in the years 1935 to 1938 was as follows:—

1935.	1936.	1937.	1938.
£(N.Z.)38,921,000	£(N.Z.)45,493,000	£(N.Z.)50,706,000	£(N.Z.)48,899,000

The total value of exports in the years 1935 to 1938 was as follows:—

1935.	1936.	1937.	1938.
£(N.Z.)46,538,000	£(N.Z.)56,752,000	£(N.Z.)66,713,000	£(N.Z.)58,376,000

The New Zealand Public Debt in London has been reduced by £4,051,089 from £160,908,105 at the 31st March, 1934, to £156,857,016 at 31st March, 1938.

Cash Applications.

Price of Issue, £99 per Cent.

Payable as follows:—

On application	£ 5 per cent.
On Tuesday, 15th August, 1939	£44 ,,
On Friday, 15th September, 1939	£50 ,,
	£99 per cent.

Applications, which must be accompanied by a deposit of £5 per cent., will be received at the Loans Office, Bank of England, London, E.C. 2. In case of partial allotment the balance of the amount paid as deposit will be applied towards payment of the first instalment; any surplus remaining after making that payment will be refunded by cheque. Default in the payment of an instalment by its due date will render the deposit and any instalment previously paid liable to forfeiture and the allotment to cancellation.

Applications must be for amounts of £100 or multiples thereof.

Scrip Certificates to Bearer with Coupon attached for the six months' interest payable 1st January, 1940, will be issued in exchange for Allotment Letters. These Certificates, when fully paid, may be registered in the books of the Bank of England, or they may be retained to be exchanged not later than the 1st May, 1940, for Stock Certificates to Bearer as soon as the latter can be prepared.

A commission of 5s. per £100 Stock will be paid to Bankers or Stockbrokers on Allotments made in respect of Cash and Conversion applications bearing their stamp.

Prospectuses and Application Forms may be obtained at the Bank of England, London, E.C. 2, or at any of the Branches of the Bank of England; of Messrs. Mullens and Co., 13 George Street, London, E.C. 4; at the Bank of New Zealand (the Bankers to the Government of New Zealand in London), 1 Queen Victoria Street, E.C. 4; of Messrs. J. and A. Scrimgeour, 3 Lothbury, London, E.C. 2; at any Stock Exchange in the United Kingdom; or at the Office of the High Commissioner for New Zealand, 415 Strand, London, W.C. 2.

The Lists of Conversion and Cash Applications will be opened forthwith, and will be closed on Saturday, 5th August, 1939.

Bank of England, London, 26th July, 1939.

By Authority: E. V. Paul, Government Printer, Wellington.—1940.