

LIQUIDATORS REPORT
NORTH SOUTH FINANCE LIMITED
(IN RECEIVERSHIP & IN LIQUIDATION)

1. APPOINTMENT

Pursuant to an order of the High Court at Auckland dated the 17th day of September 2010, Boris van Delden and Iain McLennan, Insolvency Practitioners of Auckland, were appointed jointly and severally as liquidators. The liquidation commenced at 11:00 a.m. on the 17th day of September 2010.

2. INTRODUCTION

2.1 Appointment of Receivers

Grant Robert Graham and Brendon James Gibson were appointed Joint and Several Receivers and Managers of the assets and undertakings of the Company on 8 July 2010, pursuant to a Debenture Trust Deed dated 10 August 2001 granted in favour of Covenant Trustee Company Limited (“the Trustee”).

2.2 Events Leading up to Receivership

The appointment of Receivers and Managers followed charges being laid against the company directors, which meant it was inappropriate that the moratorium continue.

2.3 Receivers’ Trading

The Receivers have focused on realising assets, consistent with the approach while the company was in moratorium.

3. BACKGROUND OF COMPANY STRUCTURE

Date of Incorporation:	3 November 1999
Type of Business:	Finance Company
Share Capital:	12,809,300 Shares
Shareholder:	Dominion Finance Holdings Limited (In Liquidation)
Directors:	Vance Eric Arkinstall Richard Gilbert Bettle
Former Directors:	Terence Maxwell Butler Ann Kathleen Butler Paul Winstone Forsyth Robert Barry Whale

Other Relevant Information: Moratorium approved 1 December 2008, ceased 7 July 2010.

4. EVENTS LEADING TO APPOINTMENT OF LIQUIDATORS

Liquidation followed a winding up application filed by an unsecured creditor.

5. DISCLAIMER

The Liquidators do not accept any responsibility or liability for any errors, omissions or misinformation contained in this report. The liquidators do not accept responsibility or liability for any losses occasioned to any party as a result of the circulation, publication, reproduction, or use of this report.

6. STATEMENT OF AFFAIRS

We **attach** the Receivers statement of the company's affairs. This document is reproduced from information contained in the Receivers' report. The liquidators have not yet recovered all the books and records of the company.

The Statement of Affairs must be read in conjunction with the statement of affairs which details the amount owing to Covenant Trustee Company Limited.

7. PROPOSALS FOR CONDUCTING THE LIQUIDATION

- 7.1 The liquidators are in the process of recovering the books and records, and legal files of the company.
- 7.2 The liquidators will examine the books and records to ensure all assets have been properly accounted for.
- 7.3 The Liquidators have commenced an investigation into the affairs of the company and will do all those things that would be expected of liquidators. We are focusing clearly on the position of the secured creditors at present. Investigations by the liquidators may reveal courses of action which could be taken by the liquidators to recover moneys for shareholders and/or creditors.
- 7.4 As a matter of routine, the Liquidators have a duty to examine the following matters:-
 - Whether all physical assets have been properly accounted for
 - Voidable preference and voidable charges
 - Transactions at under value or over value
 - Breach of Directors duties
 - Proper disclosure in respect of such matters as – prospectus, related party transactions
 - Validity of documentation such as solvency certificates

7.5 We are also actively pursuing funding options for the liquidation. There are a number of options to consider.

8. CREDITORS CLAIMS

Personal Property Securities Act / Reservation of Title

Should any creditor believe that they have registered a Purchase Money Security Interest (PMSI) on the Personal Property Securities Register (PPSR) over any goods, or proceeds from realisation of goods, they should contact the Receivers who are attending to these matters.

Receivers' address:

KordaMentha
Level 16, 45 Queen Street
Auckland Central
P O Box 982
AUCKLAND 1140

Creditors' Claim Forms

Enclosed is a notice to creditors to prove debts or claims and an Unsecured Creditors' Claim form for completion and return to this office by Monday, 31st day of January 2011. If you believe that you are a secured creditor please contact this office and the appropriate form will be sent to you.

Amounts Due to the Security Holders and Investors

The receivers estimate a shortfall to secured creditors.

9. ESTIMATED DATE OF COMPLETION OF LIQUIDATION

It is too early yet to estimate a date of completion for this liquidation.

10. WEBSITE www.mvp.co.nz

Whilst we do not intend to hold a creditors meeting, we do invite creditors and shareholders to communicate with us. Please use our website to see regular updates of the progress of the liquidation and for costs.

Creditors are advised that this report and all subsequent reports will be available on the liquidator's website. The liquidators will provide a regular bulletin updating creditors with current progress in actions taken. This bulletin will be lodged on the website to reduce costs. Please send us your email address if you would like further reports sent to you.

Enquiries to: Jonathan Barrett
Phone: 0-9-306 3357 (direct dial)
Email: jbarrett@mvp.co.nz



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BORIS VAN DELDEN
LIQUIDATOR

DATED this 3 day of December 2010

Extract from Receivers' Report
NORTH SOUTH FINANCE LIMITED (IN RECEIVERSHIP & IN LIQUIDATION)

Statement of Affairs of the above named company as at 8 July 2010 (being the date of Receivership) showing assets at estimated realisable values and liabilities expected to rank.

- As at the date of receivership, the loan portfolio comprised 13 loans totalling \$24.6 million (pre-impairment). Of those 13 loans, two were being serviced.
- The following security interests were registered on the Personal Property Security Register as at the date of receivership.

Secured Party	Address	Collateral Type	Date Registered	Liability
Covenant Trustee Company Limited	48 Shortland Street, Auckland	All present and after acquired personal property	17 Oct 02	\$31 million
Orix NZ Ltd	32 Manukau Rd, Newmarket, Auckland	PMSI – motor vehicle	19 Mar 07	\$1,263
Rich Finance Ltd	60 Stanley St, Parnell, Auckland	PMSI-photocopier	5 Dec 08	Nil

- In addition to the \$31 million owed to investors, two banks holding debenture stock are owed a total of \$15 million.
- As at the date of appointment of receivers the preferential liability comprised employee holiday entitlement of \$16,000 which has been paid.
- From the Company records and claims received by the receivers, they estimate that the total unsecured creditor liability is circa \$34,000.
- Based on preliminary estimates, the receivers estimate that it is unlikely there will be a return to unsecured creditors and there will be a shortfall to secured creditors.

IMPORTANT NOTE AND DISCLAIMER:

The above schedule has been prepared based on information obtained from the company. This information has not been verified. The Receivers have not carried out an audit of the information supplied and do not accept any responsibility for the accuracy of the information. The Receivers do not accept any responsibility on any ground whatever, including liability in negligence, to any other person. We note that the liabilities of the company reflected in the schedule exclude certain amounts due in respect of employee redundancy entitlements and amounts due to the Australia and New Zealand Banking Group Limited and ANZ National Bank Limited, the General Security Agreement holders.

Notes:

1. Certain suppliers have registered security interests on the Personal Properties Securities Register which may rank in priority to the General Security Agreement holders. The Receivers and Managers are assessing these claims.
2. The company has a liability under the cross guarantee financing arrangements for the full amount due to Covenant Trustee Company Limited.

NORTH SOUTH FINANCE LIMITED (IN RECEIVERSHIP & IN LIQUIDATION)

SCHEDULE OF CREDITORS' NAMES AND ADDRESSES

PURSUANT TO SECTION 255(2)(c)(ii) OF THE COMPANIES ACT 1993

CREDITOR	ADDRESS 1	ADDRESS 2	ADDRESS 3
ANZ National Bank Limited	P O Box 788	AUCKLAND	
Australia and New Zealand Banking Group Limited	P O Box 788	AUCKLAND	
Covenant Trustee Company Limited	48 Shortland Street	AUCKLAND	
Orix NZ Limited	32 Manukau Road	Newmarket	AUCKLAND
Rich Finance Limited	60 Stanley Street	Parnell	AUCKLAND

IN THE MATTER of The Companies Act 1993

and

IN THE MATTER of NORTH SOUTH FINANCE LIMITED
(IN RECEIVERSHIP & IN LIQUIDATION)

NOTICE TO CREDITORS TO PROVE DEBTS OR CLAIMS

Notice is hereby given that the undersigned, the Liquidator of North South Finance Limited (In Receivership & In Liquidation), does hereby fix Monday, 31 January 2011 as the day on or before which the creditors of the Company are to make their claims, and to establish any priority their claims may have under Section 312 of The Companies Act 1993, or to be excluded from the benefit of any distribution made before such claim is made.



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BORIS VAN DELDEN
LIQUIDATOR

DATED this 3 day of December 2010

ADDRESS OF LIQUIDATOR

McDonald Vague
Insolvency Specialists
Level 4, 143 Nelson Street
P.O. Box 6092
Wellesley Street Post Office
AUCKLAND

Telephone: 0-9-303 0506
Facsimile: 0-9-303 0508
Website: www.mvp.co.nz

DATE OF LIQUIDATION: 17 September 2010



The Insolvency & Business Recovery Specialists

PO Box 6092, Wellesley St Post Office, Auckland 1141, New Zealand.
Telephone 0-9-303 0506, Facsimile 0-9-303 0508

Unsecured Creditor's Claim

(Also for use by Preferential Creditors)

SECTION 304(1) COMPANIES ACT 1993
(For help see www.mvp.co.nz or email
claims@mvp.co.nz)

NAME AND POSTAL ADDRESS OF CREDITOR IN FULL

Telephone Numbers: ()
()

E-Mail

My Reference is:
(if applicable)

* Any personal information collected is for the purpose of administering the liquidation in accordance with the Companies Act 1993.

The information will be used and retained by the liquidators and McDonald Vague and will be released to other parties only with your authorisation or in compliance with the Privacy Act 1993.

Under Section 304(1) of the Companies Act 1993 any claim by an unsecured creditor against a company in liquidation must be in this prescribed form and must –
(a) Contain full particulars of the claim; and
(b) Identify any documents that evidence or substantiate the claim.

You may have access to and request correction of any personal information.

(*Not applicable, if creditor is not an individual within the meaning of the Privacy Act 1993.)

NAME OF COMPANY IN LIQUIDATION:

(IN LIQUIDATION)

(If claim is made on behalf of creditor, specify relationship to creditor and authority)

claim that the company was at the date it was put into liquidation indebted to the abovenamed creditor for the sum of (Amount in words):

STATUS OF CLAIM:

1. I am an unsecured creditor for
(Also applicable to secured creditors who hereby surrender their security)

\$

2. I am a preferential creditor for
(Refer details on reverse)

\$

3. My total claim is for
(State currency if other than \$NZ)

Other
Currency

NZ \$

4. I have claimed retention/reservation of title rights pursuant to rights held by me and/or I have a security interest which is registered on the Personal Property Securities Register

Tick if Applicable
(Refer details on reverse)

Full particulars of the claim are set out, and any supporting documents that substantiate the claim, are identified on the reverse of this form.

(The liquidator may require the production of a document under Section 304(2) of the Companies Act 1993. You are **not required to attach any supporting documents** at this stage, but you may attach them now, if you think it would expedite the processing of the claim.)

SIGNED:

Date: / /

WARNING —

It is an offence under Section 304(6) of the Companies Act 1993 to –
Make or authorise the making of, a claim that is false or misleading in a material particular knowing it to be false or misleading; or
Omit, or authorise the omission from a claim of any matter knowing that the omission makes the claim false or misleading in a material particular.

Received
(Date Stamp)

RESERVED FOR OFFICE USE:

Claim admitted/rejected for voting purposes:
(Delete one)

Signed:

Date: / /

Preferential Claim for:

Ordinary Claim for:

CLAIM REJECTED FOR PAYMENT:

\$

\$

or
CLAIM ADMITTED FOR PAYMENT:

\$

\$

Signed
Liquidator:

Date: / /



Note: If the decision to admit or reject a claim is amended, regulation 8 of the Companies Act 1993 Liquidation Regulations 1994 requires that it be recorded in writing.



The Insolvency & Business Recovery Specialists

PO Box 6092, Wellesley St Post Office, Auckland 1141, New Zealand.
Telephone 0-9-303 0506, Facsimile 0-9-303 0508

Particulars of Claim

If the creditor owes money to the company, please give full details.

Date	Details of Claim and Identification of Documents that Evidence or Substantiate the Claim	Amount \$

CLAIMS AGAINST INVENTORY (Romalpa Claims) – (Consignment Goods) (Retention at Title) etc.
 Please provide details of the basis of the retention of title claim filed by you and/or details of entry on Personal Property Securities Register.

PREFERENTIAL CLAIMANTS ONLY

Guideline
 The Seventh Schedule of the Companies Act 1993 sets out those claims which are regarded as preferential and shows their extent and order of priority. For example, wages, salary and holiday pay of any employee in respect of services rendered to the company during the four months preceding the commencement of liquidation is preferential AND the total sum to which priority is to be given in the case of any one employee for wages, holiday pay, deductions, redundancy and child support must not exceed \$18,700 or such greater amount as is prescribed at the commencement of the liquidation.

1. Why do you believe you are a preferential creditor?
 (eg. employee, GST, etc) _____

2. Details of your claim: _____

If applicable please record here your GST Registration number: _____
 and total GST included in your claim: \$ _____