

**NORTH SOUTH FINANCE LIMITED
(IN RECEIVERSHIP & IN LIQUIDATION)**

LIQUIDATORS' SECOND REPORT
Pursuant to Section 255(2)(d)
of the Companies Act 1993

**For the Period from 17 September 2010
to 16 March 2011**

1. PROGRESS OF THE ADMINISTRATION OF THE LIQUIDATION

The liquidators report herewith on the progress made in the liquidation of North South Finance Limited ("NSF"). Included in this report is the liquidators' Statement of Realisations and Distributions to 16 March 2011.

This second report to creditors follows the first report and should be read in conjunction with the first report. This report is being sent to all shareholders and to all creditors who have filed a claim in the liquidation.

2. REALISATION OF COMPANY ASSETS

The receivers have control of the company's assets.

3. CREDITORS' CLAIMS

We have to date received one unsecured claim for \$3,987. No preferential claims have been received. We understand that all preferential claims have been settled by the receivers.

4. INVESTIGATIONS

The liquidators are reviewing their options for legal action against directors and trustees. This assignment will involve investigation and preparation of a presentation seeking funding from major creditors.

While the liquidators have received some of the records and legal files of the company they have encountered delays in obtaining these due to the fact that other organisations are also investigating the affairs of NSF and its related companies.

The liquidators are currently in the process of obtaining further bank records and the company's records held by Covenant Trustee Company Limited.

Issues that are being investigated include:-

- If the company issued dividends while it was insolvent
- If the Trustee allowed the company to operate while in breach of the Trust Deed

5. LIQUIDATORS' FEES

No liquidators' fees have been billed to the date of this report. Our unbilled time costs to date, based on 34.8 hours of work undertaken, are as follows:-

Work category	Hours	\$
• Appointment functions	19.7	4,749
• Asset realisations	1.4	560
• Creditors' claims, enquiries and reports	4.4	1,145
• Management	4.1	890
• Taxation	0.3	90
• Investigations	4.9	1,876
Total unbilled time costs	34.8	\$9,310

Liquidators' fees in a Court ordered winding up are to be approved by the Court, and if required, a retrospective application for fee approval will be made by the liquidators.

Section 284(1) of the Companies Act 1993 provides that an application (with the leave of the Court) may be made by a creditor, shareholder or director of a company in liquidation to review or fix the remuneration of the liquidators. In circumstances where no application has been made to review or fix the liquidators' remuneration the Court will be less inclined to rigorously examine the fees submitted by the liquidators for subsequent approval.

6. FUNDS / LIKELY OUTCOME

There will be a shortfall on the amounts due to the secured creditors. Therefore, any prospect of recovery for unsecured creditors or shareholders is entirely dependent on the outcome of any legal actions which may follow from our investigations.

7. MATTERS DELAYING COMPLETION OF THE LIQUIDATION

The following matters are outstanding:

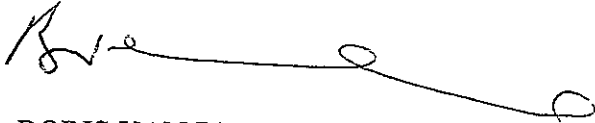
- Recovery of further books and records
- Further investigations

8. CONCLUSION

Based on the above the liquidators presently propose to complete all outstanding matters with a view to retiring as liquidators within the next year.

Any queries can be directed to Boris van Delden of these offices on (09) 306 3342 or by visiting our website at www.mvp.co.nz.

Yours faithfully
for NORTH SOUTH FINANCE LIMITED
(IN RECEIVERSHIP & IN LIQUIDATION)

A handwritten signature in black ink, appearing to read 'Boris van Delden', with a long horizontal flourish extending to the right.

BORIS VAN DELDEN
LIQUIDATOR

DATED this 18th day of April 2011

Number of Company: 985810

Name of Company: NORTH SOUTH FINANCE LIMITED (IN RECEIVERSHIP & IN LIQUIDATION)

Subject: LIQUIDATOR'S STATEMENT OF REALISATIONS AND DISTRIBUTIONS FOR THE PERIOD 17 SEPTEMBER 2010 TO 16 MARCH 2011

**Cash
Received**

CASH HAS BEEN RECEIVED AS FOLLOWS:

\$

Nil

TOTAL REALISATIONS

\$Nil

CASH HAS BEEN PAID AS FOLLOWS:

Costs Charges & Expenses of Liquidation
Liquidators' Fees and Disbursements

Nil

TOTAL DISTRIBUTIONS

\$Nil

**TOTAL REALISATIONS
LESS TOTAL DISTRIBUTIONS**

Nil
Nil

BALANCE HELD

\$Nil


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BORIS VAN DELDEN
LIQUIDATOR

Dated this 18th day of April 2011