

**RECEIVERS' FIRST REPORT ON THE STATE OF AFFAIRS**  
**of**  
**ALLIED NATIONWIDE FINANCE LIMITED (IN RECEIVERSHIP)**  
**"ANF" or "the Company"**

## **1. Introduction**

On 20 August 2010 Andrew John Grenfell and Kerryn Mark Downey were appointed Joint and Several Receivers and Managers of Allied Nationwide Finance Limited ("ANF" or "the Company") under the security granted under the Trust Deed for Secured Debenture Stock and Unsecured Deposits ("Trust Deed") dated 18 November 1994 in favour of The New Zealand Guardian Trust Company Limited ("the Trustee").

The appointment followed a request from the directors of ANF to the Trustee that a Receiver be appointed.

We set out below our first report on the state of the affairs of the Company as required by section 23 of the Receiverships Act 1993.

## **2. Disclaimer**

This report has been prepared by us in accordance with Section 23 of the Receiverships Act 1993.

It is prepared for the sole purpose of reporting on the state of affairs with respect to the property in receivership and the conduct of the receivership pursuant to Sections 26 and 27 of the Receiverships Act 1993. In compiling this report we have relied on the accuracy of all relevant information obtained from the Company together with information supplied by the directors, and/or management. We have not independently verified the accuracy of information provided to us, nor have we conducted an audit in respect of the Company. We express no opinion on the reliability, accuracy, or completeness of information provided to us and upon which we have relied.

The Receivers 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.

## **3. Events leading up to our appointment**

The Trustee issued notice to the Company on 6 August 2010 that it was in breach of the Trust Deed. The notice provided the Company 14 days under the Trust Deed to remedy the breach.

On Thursday, 19 August 2010, the Company failed to repay maturing deposits. This constituted a further event of default under the Trust Deed.

ANF's directors on Friday, 20 August 2010, resolved that the Company was unable to continue trading on the basis it was unable to pay its due debts and unable to conclude, within a required time frame, initiatives to allow it to continue to trade.

On 20 August 2010 the Directors requested the Trustee appoint receivers to the Company pursuant to its powers under the Trust Deed.

#### **4. Receivers trading**

Since receivership, no new deposits have been accepted and no loans to new borrowers have been provided, by the Company.

The Receivers have retained a number of ANF's staff to assist with the on-going collections and management of the Company's loan book.

The Company has exited its leased offices in Wellington and Christchurch.

#### **5. Proposals for realisation of receivership property**

While continuing to collect loans as they fall due and where necessary take enforcement action over past due and impaired loans, the Receivers are currently developing a realisation strategy for the Company's assets.

#### **6. Amounts owing to the Secured Debenture Holders**

At the date of our appointment \$128,079,796 (excluding accrued interest) was owed to Secured Debenture Stock Holders under the Trust Deed.

The Company was approved for the Retail Deposit Guarantee Scheme in November 2008 (the "Scheme") and was participating in the Scheme when it was placed in receivership on 20 August 2010.

Under the Crown Deed of Guarantee, holders of Secured Debenture Stock issued by the Company will get 100 per cent of the money they are entitled to under the Scheme. Sums covered by the guarantee include the principal sum deposited, along with certain accrued interest (subject to the terms of the deposit, the Trust Deed and the Crown Deed of Guarantee).

The Receivers have reviewed ANF's Debenture Register and have provided this to Treasury to enable it to undertake its payment process.

For the avoidance of doubt, the Company's Perpetual Bonds are not eligible for repayment under the Crown Deed of Guarantee. The Perpetual Bonds are subordinated unsecured debt, which means they are excluded, and always have been excluded, from coverage by the Crown Deed of Guarantee.

#### **8. Other security interests**

All security interests registered on the Personal Property Security Register as at the date of receivership are detailed in Appendix 2.

We have not identified any party with a registered financing statement on the Personal Property Securities Register with a claim in priority to the Trustee.

## 9. Preferential creditors

Initial estimates of the amounts owing to preferential creditors as at the date of our appointment are set out below. These amounts are subject to verification and are not yet finalised:

		NZ\$
Employee claims to the statutory maximum of \$18,700 per employee	\$	388,986
Inland Revenue Department – GST	\$	761,968
Inland Revenue Department – RWT	\$	619,914
Inland Revenue Department – NRWT	\$	<u>3,442</u>
Total	\$	<u>1,774,310</u>

Employee preferential claims to the statutory maximum have been paid.

## 10. Unsecured creditors

At this stage of the receivership we are unable to determine if there will be any surplus funds available from the realisation of assets to meet the claims of unsecured creditors.

## 11. Particulars of assets and liabilities

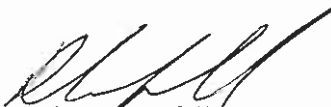
Attached at Appendix 1, is a statement of the Company's assets and liabilities as at 31 August 2010. Given the nature of the accounting systems the financial position at 31 August 2010 is the most appropriate measure of the statement of affairs of the Company upon appointment.

The assets are at the Company's carrying or book value and before the Receivers' assessment of realisable value.

We have omitted our realisation estimate of the assets as we believe that their inclusion could materially prejudice the exercise of our functions and in particular our duty to obtain the best price reasonably obtainable for the Company's assets.

## 12. Information provided by the company

The employees of the Company co-operated fully in making available the information required by the receiver to complete this report.



Andrew Grenfell  
Receiver and Manager

21 October 2010

## Appendix 1

**Allied Nationwide Finance Limited (In Receivership)**  
**Balance sheet as at 31 August 2010**  
**(\$000's)**

<b>ASSETS</b>	
Cash at bank	3,770
Cash pledged to others	322
Loan receivables (net)	113,007
Subordinated Debt In Speirs Securities Limited	8,533
Taxation Refund Due	72
Accounts Receivable	793
Related party receivables	11,992
Receivable from Speirs Securities Limited	387
Deferred tax benefit	8,937
Investment property	2,125
Property, plant and equipment	516
Fixed assets - operating lease	1,852
Intangible assets	674
<b>TOTAL ASSETS</b>	<b>152,980</b>
Accounts payable - unsecured	4,863
Secured deposits	128,079
<b>TOTAL LIABILITIES</b>	<b>132,941</b>
<b>NET ASSETS</b>	<b>20,038</b>

***Important Note and Disclaimer:***

The above schedule has been prepared from 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 whatsoever, including liability in negligence, to any other person.

## Appendix 2

### Schedule of PPSR Registrations As at 20 August 2010

Secured Party	Date First Registered	Financing Statement	Collateral Type
Speirs Securities Limited	6/03/1998	FPP9DXVNZ2222558/C0005	All present and after acquired personal property except.. Chattel Paper Goods-Other Intangibles
The New Zealand Guardian Trust Company Limited	23/11/1994	FU9K6X5M9W99ED39/C0006	All present and after acquired personal property
Bridgestone New Zealand Limited	5/04/2005	FA0PH38N6M331777/C0003	Goods-other
Speirs Securities Limited	30/09/2008	F58PD1B328X78606	All present and after acquired personal property except.. Chattel Paper Goods-Other Intangibles
BOQ Equipment Limited	8/10/2008	FJ0PX91928M7M233	All present and after acquired personal property Chattel Paper
Bank of New Zealand Wholesale Financial Services	15/12/2008	FH626J2B1Z28T671	All Present and After Acquired Personal Property Intangibles