

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

**RECEIVERS' SECOND REPORT
FOR THE PERIOD 20 AUGUST 2010 TO 19 FEBRUARY 2011**

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 second report on the state of the affairs of the Company as required by section 24 of the Receiverships Act 1993. This report should be read in conjunction with our first report dated 21 October 2010.

2. Disclaimer

This report has been prepared by us in accordance with Section 24 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 information obtained from the Company.

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

3. Receivers trading

Since receivership, the Company has accepted no new deposits nor made any loans to new borrowers.

A number of ANF staff have been retained to assist with the on-going collection and management of the Company's loan book.

Loans are being collected as they fall due and where necessary enforcement action is being commenced or continued over past due and impaired loans.

The Company's leased offices in Wellington and Christchurch were exited within 14 days of receivership.

4. Proposals for realisation of receivership property

A sales process for the Company's non-performing loans was undertaken in late 2010. The sales process has resulted in an unconditional sale of the non-performing consumer loans. The sale is due to settle in April 2011.

The Receivers have:

1. Commenced a sales process for specific loans included within ANF's performing loan book ("ANF Portfolio").
2. Requested expressions of interest on behalf of the board of Speirs Securities Limited ("SSL"), for the performing receivables incorporated in SSL's securitisation vehicle ("SSL Portfolio") to which ANF is administrator.

The sales process is expected to be concluded in June 2011.

5. Receipts and Payments

Attached is a Summary of Receipts and Payments for the six month period 20 August 2010 to 19 February 2011.

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. Secured Debenture Stock Holders have been repaid by the Crown under the Retail Deposit Guarantee Scheme. Realisations from the receivership will therefore be used to repay the Crown. We are currently unable to determine to what extent the Crown will be repaid.

Since appointment the Receivers have made two interim distributions to the Crown:

- 28 January 2011 \$10m; and
- 15 February 2011 \$7m.

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 under the Crown Deed of Guarantee.

7. Other security interests

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.

8. Preferential creditors

The amounts owing to preferential creditors as at the date of our appointment are set out below:

	NZ\$
Employee claims to the statutory maximum of \$18,700 per employee	\$ 330,499
Inland Revenue Department – GST	\$ 761,968
Inland Revenue Department – RWT	\$ 621,670
Inland Revenue Department – NRWT	\$ <u>3,442</u>
Total	\$ <u>1,717,579</u>

The employee preferential claims have been paid.

9. Unsecured creditors

It is unlikely there will be any surplus funds available from the realisation of assets to meet the claims of unsecured creditors.

10. Information provided by the company

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



Andrew Grenfell
Receiver and Manager

18 April 2011

Receivers address:

C/- McGrathNicol+Partners
Level 17, 34 Shortland Street, Auckland
PO Box 91644, Auckland, 1142

Appendix 1

Allied Nationwide Finance Limited (In Receivership)
Summary of Receipts and Payments
For the period 20 August 2010 to 19 February 2011

<i>Amounts include GST (if any)</i>	<u>\$NZ</u> (\$'000's)	<u>\$NZ</u> (\$'000's)
Cash on hand at appointment		1,116
Receipts		
Loan receipts	40,805	
Sale of property, plant & equipment	119	
Other income	299	
Total Receipts	<hr/>	41,223
Payments		
Debt acquisition	(4,200)	
Rent	(120)	
Salaries & wages (incl PAYE & ACC)	(851)	
Legal fees - Receivership	(332)	
Legal fees - Trustee	(49)	
Trustee fees	(81)	
Receivers fees (Including GST)	(980)	
Other professional services	(517)	
Other operating costs	(256)	
Total payments	<hr/>	(7,386)
Total funds available for distribution		<hr/> 34,953
Distribution to secured / preferential creditors		
Employee Preferential Payments	(330)	
Distribution to Crown	(17,000)	
		<hr/> (17,330)
Funds held at Bank at 19 February 2011		<hr/> <hr/> 17,623

Important Note and Disclaimer:

The Receivers do not accept any responsibility on any ground whatsoever, including liability in negligence, to any other person.