



BROADLANDS

Broadlands Finance Limited Debentures

PROSPECTUS NUMBER 12 | 5 September 2011

Important Document

This Prospectus is an important document and should be read carefully.

A copy of this Prospectus dated 5 September 2011, duly signed by or on behalf of the Directors and having attached to it or being accompanied by copies of the documents required by section 41 of the Securities Act 1978 and regulation 18 of the Securities Regulations 2009 has been delivered to the Registrar of Financial Service Providers for registration under section 42 of the Securities Act 1978.

DEFINITIONS

Capitalised terms used in this Prospectus have defined meanings which appear in the Glossary on page 30 or within the relevant section of this Prospectus in which the term is used. All references to "\$" or "dollars" are to New Zealand dollars unless specified otherwise.

RISKS

Investors should consider the risks that are associated with an investment in Debentures, particularly with regard to their personal circumstances (including financial and tax issues). A summary of the principal risks associated with an investment in Debentures is set out on pages 15 to 21.

FINANCIAL ADVICE

This Prospectus has been prepared without taking into account the investment objectives, financial or taxation situation or particular needs of any investor. Accordingly, the information in this Prospectus does not constitute either a recommendation to invest in Debentures or financial product advice. Before investing in Debentures, you should consider whether such an investment is appropriate to your particular needs, after considering your individual risk profile for investments, investment objectives and individual financial circumstances. If you are

in any doubt about the contents of this Prospectus or whether this investment is appropriate for you, you should consult your financial adviser, solicitor, accountant or other professional adviser.

CURRENT AND PROSPECTIVE STATEMENTS

Unless stated otherwise, all statements included in this Prospectus are current as at the date of registration of the relevant document with the Registrar of Financial Service Providers. Investors should be aware that circumstances may change during the currency of this Prospectus. Broadlands will update this Prospectus when required to do so by the Securities Act 1978.

GUARANTEE

Repayment of the principal amount of, and all interest accruing on, Debentures, and the performance by Broadlands of all of its obligations under the Trust Deed is guaranteed by each of Beneficial Insurance Limited and Vehicle Funding Limited, both of which are wholly-owned subsidiaries of Broadlands. No other person named in this Prospectus, including Broadlands, its shareholder Tony Radisich, the Trustee, the Auditor, Standard & Poor's nor any of their respective directors, officers or employees, nor any other person makes any promise as to the future performance of the Debentures or any return on any investment made in Debentures.

Broadlands is not a member of the Crown Guarantee Scheme.

NO LISTING

Debentures are not able to be traded on a registered market and listing of the Debentures on a registered market is not being sought.

PRIVACY ACT

Any personal information provided by investors will be held by Broadlands at its registered office, the address of which is shown in the Directory or such other place as is notified upon request. This information will be used for the purpose of managing your investment in Debentures. Under the Privacy Act 1993, you have the right to access and correct any personal information held about you.

GOVERNING LAW AND RESTRICTIONS ON DISTRIBUTION

This Prospectus is governed by the laws of New Zealand. Each investor submits to the exclusive jurisdiction of the courts of New Zealand. All New Zealand legislation referred to in this Prospectus can be viewed free of charge at www.legislation.govt.nz.

This Prospectus is intended only for use in connection with the offer of Debentures in New Zealand and does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been, or will be, taken to register this Prospectus in any jurisdiction other than New Zealand or otherwise permit a public offering of Debentures outside of New Zealand.

FURTHER INFORMATION

Further information about the Debentures is available in the current Investment Statement for the Debentures, a copy of which can be obtained from Broadlands' registered office, the address of which is shown in the Directory on page 96 or can be downloaded from www.broadlands.co.nz.

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Welcome to Broadlands

Broadlands Finance Limited

Welcome to Broadlands, a privately-owned company established in 1995. The Company initially only provided motor vehicle finance but nowadays has a range of lending products including personal consumer and small business commercial finance. The Company also offers complementary products such as consumer credit indemnity insurance and pet insurance, through our 100% owned subsidiary company, Beneficial Insurance Limited.

Broadlands has proudly survived the turmoil of recent years arising from the adverse market conditions and pressure that resulted from the New Zealand finance sector collapse and the global financial crisis. Given the string of finance company failures in recent years, we are pleased to be one of the finance companies in New Zealand to have weathered the tough times to date. We believe that we are well positioned to capitalise on our experience to target the growth opportunities that we believe are evident in the current marketplace.

STRENGTHENED BUSINESS FUNDAMENTALS

During the tough times from 2008 to 2010 we closed our branch network and consolidated our business model. Management focused

on cost reduction and improved business systems, controls and processes. Over this time we were subject to scrutiny by a range of external parties, including Standard and Poor's, the Treasury and the Trustee. As a consequence, Broadlands improved its internal processes, particularly by focussing on risk forecasting and tighter debtor management. We believe we have strengthened our business fundamentals by improving our capital and liquidity positions, reporting functions and risk management.

SUSTAINABLE LONG-TERM APPROACH

Broadlands participated in the initial Crown Guarantee Scheme in 2008, which helped to stabilise funding lines for a 20 month period. On 12 October 2010, the extended Crown

Guarantee Scheme came into effect for non-bank deposit takers with a credit rating of BB or higher. Broadlands is not a member of the extended Crown Guarantee Scheme and, based on its credit rating, does not qualify for participation in this scheme.

Our shareholder, Tony Radisich, has many successful business interests and an extensive background in the New Zealand motor and finance industries. He has demonstrated his support to Broadlands' business through the advance of loans and direct investments in Debentures. Since 31 March 2010, his support (by way of investment in Debentures or loan advances) has increased from \$7,518,000 to \$11,971,157. This support has been provided to help the Company manage cashflow in recent years. However, despite this support, Tony Radisich does

We believe that we are well positioned to capitalise on our experience to target the growth opportunities that we believe are evident in the current marketplace.

not guarantee the Debentures and he is not obliged to provide any future support or funding to the Company. For further information about Tony's commitment to Broadlands, please see the section under the heading "Our Shareholder" on page 7.

PREPARING FOR A NEW ERA

Our objective is to grow our finance offering within New Zealand. Given the reduction in the number of industry participants since 2006 and the significant increase in compliance costs creating barriers to entry, we believe that there are opportunities for Broadlands to grow in the current market.

It is our vision to build a strong consumer finance business that is robust, stable and sustainable. Broadlands aims to achieve this through four key strategies:

1. increase and diversify funding;
2. strengthen and consolidate current operations and capability;
3. develop and grow existing market channels; and
4. when the conditions are right, acquire new market share.

We believe that the market is ready for us to utilise our experience in consumer finance to grow our market share, shift the focus of our portfolio and improve our performance.

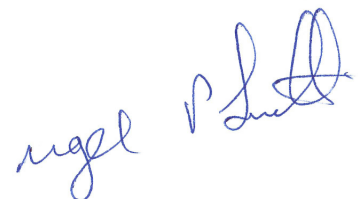
YOUR INVESTMENT INVITATION

This is your opportunity to invest in a business positioning itself for growth. Broadlands is a company with integrity that is focused on achieving the best outcome that it can

for investors. Broadlands will continue to manage its business in a prudent manner to protect its investors' interests.

We now offer you an opportunity to achieve great returns for a part of your investment portfolio, and offer borrowers the opportunity to finance the purchase of assets. It's that simple.

We believe in the future and the growth of the business and invite you to join us.



Nigel Smith
Chairman

Summary of the Offer

This Prospectus relates to our offer for subscription of a maximum aggregate amount at any time of \$40,000,000 of first ranking Debentures. We offer the following investment products under this Prospectus:

ISSUER: Broadlands Finance Limited	SECURITY: First Ranking Debenture	NATURE OF INVESTMENT: Fixed Rate and Fixed Term	TERMS: 3 months to 60 months
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TYPE OF INVESTMENT	DESCRIPTION OF PRODUCT	APPLICATION AMOUNTS
Compounding	Under the growth option, investors elect to reinvest the net interest payment each quarter. This allows investors to earn interest on interest.	Minimum investment: \$500 Maximum investment: \$250,000, or such larger amount as the Company may agree to accept.
Distributing	Under the income option, investors elect to have the net income distributed to their nominated bank account on either a monthly or quarterly basis.	Minimum investment: \$500 Maximum investment: \$250,000, or such larger amount as the Company may agree to accept.
Savings	Under the savings option, investors elect to make additions to the investment during the term of the investment selected. Interest earned during the investment is also added to the investment on a quarterly basis.	Minimum initial investment: \$250 Minimum addition: \$100 per month Maximum addition: \$5,000 per month
Call Accounts	Under a call account, investors' funds are deposited "at call" and may be withdrawn at any time.	Minimum holding: \$500

Broadlands Outlook: A New Era

Broadlands Finance Limited (“Broadlands”) is the issuer of the Debentures being offered under this Prospectus (see “Your Debenture Investment Explained” on page 12 for further details).

Broadlands is a privately-owned finance company established in 1995 initially to provide consumer finance on second-hand vehicles. Over time we have grown, expanded our range of products and our target markets. Today we lend to the New Zealand consumer and small business communities to assist in the purchase of a wide range of assets. We also provide personal loans to individual borrowers for lifestyle purposes. These products are complemented by our in-house insurance offer that provides consumer protection insurance and pet insurance. We are always looking to expand our range of products where we believe it would add to, and strengthen, our core business.

FOR YOU – THE INVESTOR

We offer competitive investment opportunities to New Zealanders through our Debentures with terms from 3 to 60 months. Our Debentures are secured by a first ranking general security interest over the Company’s assets granted in favour of the Trustee, subject to permitted prior charges and statutorily preferred claims. There are no prior charges and, should any ever be incurred, they must not exceed 2% of Total Tangible Assets (as defined in the Trust Deed).

Broadlands has a history of offering investors the opportunity to participate in investments that offer a higher rate of return than more conservative investment options. This higher rate of return reflects the generally higher risk associated with an investment

in Debentures, but we believe that this is an attractive risk and reward equation for investors who have a diversified portfolio.

We have no lending to parties that are related to Broadlands, other than lending between members of the Charging Group – it is the policy of our Board to not engage in such related party lending.

However, no investment is free from risk and an investment in Debentures is no exception. Although Debentures are secured by a first ranking security interest, the Company’s assets may not be readily saleable or, if saleable, realise sufficient proceeds to repay all indebtedness. You should read this offer document carefully, including the section entitled “Investment Risks”, before making your investment decision.

OUR SHAREHOLDER

Broadlands is 100% owned by our founder, New Zealand businessman, Tony Radisich. Tony has substantial equity, loan and debenture investment in the business and sits on the Board providing strategic oversight and guidance. Tony has in the past provided support and funding to the business by way of a loan advance that ranks behind debenture holders and through direct investment in Debentures that rank alongside all other Debentures,

including those issued under this Prospectus. This support has been provided by Tony to help Broadlands manage liquidity in recent years.

Table 1 sets out the various advances that Tony and his related parties had made to Broadlands as at 31 March 2011.

Despite this support, Tony does not guarantee Broadlands nor the Debentures issued under this Prospectus. Tony is also under no obligation to provide additional support or funding to Broadlands in the future. Please see page 10 for further information about Tony’s experience and qualifications.

OUR PROMISE – CLEAR EXPECTATIONS

We believe that all investors deserve to earn a fair return on their investment. It is therefore the goal of our business to manage the balance between risk and return to ensure the long-term sustainability of the business.

We offer a fixed return over a fixed period. So you know what to expect and when you can expect to receive it. That’s Broadlands’ promise.

OUR DEBENTURE OFFER

Broadlands is offering investors the opportunity to make Debenture loan advances at a fixed rate of return for a fixed term.

ADVANCES BY TONY RADISICH AND RELATED PARTIES TO BROADLANDS	AS AT 31 MARCH 2011	AS AT 31 MARCH 2010
Loans by Timberton Investments Limited to Broadlands Finance Limited – ranking behind Debenture investors	\$6,059,778	\$5,200,000
Debentures Investments by Timberton Investments Limited – ranking equally with Debenture holders	\$5,911,379	\$2,318,000
Total	\$11,971,157	\$7,518,000

TABLE 1

All Debentures are issued pursuant to a Trust Deed dated 26 April 2001, as amended from time to time and amended and restated on 29 November 2010 ("Trust Deed"), between Broadlands and Trustees Executors Limited.

Further information about the Trust Deed, including a summary of key terms, is set out in Appendix 3.

An investment in our Debentures is designed for people who:

1. Wish to invest for a specified term ranging from 3 months to 60 months.
2. Have a diversified investment portfolio and seek a higher rate of return than is available for more conservative investment options.
3. Wish to invest in a first ranking security that has independent trustee oversight.
4. Want a regular stable income or want the flexibility to have their return reinvested.

An investment in Debentures, however, is not free from risk. Please see the section under the heading "Investment Risks" on pages 15 to 21 for further information about the risks involved in an investment in Debentures.

WITH MARKET CHANGES COMES OPPORTUNITY

Following the recent economic downturn and, in particular for New Zealand, the collapse in New Zealand's finance sector, significant changes were made to the domestic and international financial landscape. We believe that these changes have opened opportunities in the finance sector for the companies that survived. Over 50 finance companies collapsed or closed in New Zealand in recent years and increased compliance costs have created significant barriers to entry for publicly funded competitors. Broadlands has not only survived this period, but has learnt from the experience,

which required it to strengthen its core competencies. As a result, Broadlands is well positioned to take advantage of the opportunities now being presented through the rationalisation of the non-bank finance sector.

There is potential for growth and we are drawing on our improved business foundations to take the opportunities currently being presented. We are targeting growth both directly with consumers and through intermediaries. We are now seeking new Debenture investment to increase our ability to on-lend and tap into the growth in this market sector.

OUR LENDING ACTIVITY AND DIRECTION

We are moving the mix in our portfolio and our future lending emphasis will be on:

- consumer lending to assist with the purchase of a wide-range of assets - appealing to "middle New Zealand";
- personal loans to consumers for lifestyle purposes such as home improvements, debt consolidation and holidays - again widening our appeal to finance the "middle New Zealand" consumer; and
- lending to small businesses to assist with the purchase of assets to assist business growth.

Despite these areas of emphasis, Broadlands may consider other lending opportunities from time to time. Broadlands takes security

OUR LENDING BOOK	31 MARCH 2011	31 MARCH 2010
Net Finance Contract Receivables	\$26,314,957	\$23,427,794
No of Loans	2689	3742
Average Loan Value	\$11,780	\$9,448

TABLE 2

LENDING ACTIVITY	31 MARCH 2011	31 MARCH 2010
Motor Vehicles/Personal	77%	75%
Property	3%	4%
Commercial/Wholesale	20%	21%
	100%	100%

TABLE 3

GEOGRAPHIC LENDING	31 MARCH 2011	31 MARCH 2010
Auckland	65%	65%
Waikato/Bay of Plenty	19%	20%
Rest of New Zealand	16%	15%
	100%	100%

TABLE 4

to support any advances made or other obligations owed to it where possible. The need for security, and acceptability of security that is available, is determined by Broadlands on a case by case basis.

OUR LENDING BUSINESS

Broadlands' principal business is to lend money, particularly personal consumer loans and small business commercial finance.

Broadlands uses the funds provided by investors to carry out this lending activity. As such, Broadlands has an expectation of cash flows (paying interest, fees and principal payments) from its customers under the terms of the loans by Broadlands. These cash flows are important to Broadlands in the management of liquidity.

Broadlands manages its liquidity by forecasting its cash requirements based on scheduled Debenture maturities and, where there is any shortfall expected from the amount of loans due in that period, building up reserves of cash or seeking new investments, including by offering special interest rates for certain terms. This relies on new investors being willing to commit to Broadlands or existing investors agreeing to renew their investment. We have been able to manage our liquidity in the past but from time to time have needed further investment from our shareholder (in order to do so as described under the heading "Sustainable Long-Term Approach" on page 4).

A number of Broadlands' loans are "non-performing" (in that they are subject to some impairment and their full face value cannot be recognised in the Company's financial statements) and a significant number of loan instalments are not paid on time (for the year ended 31 March 2011, 69% of loans were in default for 1 day or more). As a result of Broadlands' previous lending activity focused on borrowers requiring motor vehicle finance

where they have limited access to other sources of funding, this level of default is not unexpected. Under our new strategy of targeting "middle New Zealand" with motor vehicle, personal and lifestyle lending as well as lending to small business we expect to diversify our customer exposure and we expect to see an overall improvement in the quality of our lending and therefore an improvement in the number of defaulting loans as described under the heading "Our Lending Activity and Direction" on page 8. Broadlands' fundamental collection strategy is to progress all non-performing loans through the court recovery process to an attachment order. Under an attachment order Broadlands is legally entitled to receive payment of an agreed amount directly from the borrower's salary, wages or benefits. The Company is not always successful in managing defaulting borrowers though. In the last four financial years, Broadlands has written off on a weighted average basis \$856,413 of loans (principal, interest and fees) per year, or 2.63% of gross finance contract receivables.

As at 31 March 2011, our lending portfolio was worth approximately \$26.3 million¹, we owed our Debenture investors approximately \$12.6 million² and had total equity of approximately \$17.6 million³. At that time, the total assets and total liabilities of the Charging Group were \$37,858,504 and \$20,192,545 respectively. The shareholder (Tony Radisich) has an investment of \$23.7m comprising paid up capital, retained earnings and loans which rank behind Debenture Stockholders which would need to be lost before any Debenture funds were at risk.

Broadlands want our investors to understand the nature of the business they are investing in so we urge you to read this document in full. There is a lot of detail, including detail about liquidity, default rates and the impairment of our lending portfolio, in the section entitled "Investment Risks" on page 15.

JAPANESE PRIVATE PLACEMENT

Broadlands has entered into arrangements with a Japanese partnership known as Broadlands Finance Funding (the "Partnership") under which the Partnership may, from time to time, subscribe for Debentures. Any Debentures issued to the Partnership will rank equally with all Debentures already on issue or that may be issued in the future under the Trust Deed. Broadlands does not control nor own any interest in the Partnership and is not associated with the Partnership other than the issuer of Debentures to the Partnership and as the party who paid certain costs associated with the Partnership's establishment.

OUR COMPLEMENTARY INSURANCE BUSINESS

Broadlands also offers consumer protection insurance and pet insurance through its wholly-owned subsidiary, Beneficial Insurance Limited, to complement its lending activities. Beneficial Insurance Limited provides consumer credit indemnity cover to limit Broadlands' exposure to the redundancy, sickness, injury or death of its clients. Premiums are included by Broadlands in loans to its clients who elect to take out this indemnity cover. Beneficial Insurance Limited also provides insurance for veterinarian expenses in respect of family pets (as part of its Pet-n-Sur product).

¹Our net finance contract receivables were \$26,314,957.

²See note 23 to the financial statements set out in Appendix 2.

³Total equity includes approximately \$7.4 million of goodwill (an intangible asset) and approximately \$1.5 million arising from a deferred tax asset. The actual value realisable for these assets will depend upon the circumstances and could be materially less.

Our Board of Directors

NIGEL PHILIP SMITH

*Chairman and Independent Director.
BCom, MTaxS (First Class Honours), CA*

Nigel brings a wealth of taxation and trust experience with over 20 years' top-level experience advising across a range of industries both internationally and domestically. Since 1992 he has been a valuable member on a number of small and medium sized boards. He currently sits on Action Sports Marketing Limited, Broadlands Finance Limited, Beneficial Insurance Limited and Motor Sport Management Limited. Nigel holds a large number of trusteeships, with a number involving trusts with significant wealth.

Nigel has co-authored two books on taxation and regularly publishes papers and presents guest lectures and seminars to universities, professional bodies and firms. He is a lecturer at Auckland University of Technology teaching a section of the Masters of Business and Undergraduate Taxation Programmes.

Professional Memberships

Society of Tax and Estate Planning Practitioners
New Zealand Institute of Directors
Public Practice certificate holder
CA, New Zealand Institute of Chartered Accounts

ANTHONY (TONY) RADISICH

Director and Shareholder

Tony has many successful business interests and an extensive background in the New Zealand motor and finance industries.

Tony started in business by completing

motor vehicle and engineering apprenticeships in New Zealand and later gained a coach building qualification in Australia. For 10 years he worked in the motor vehicle servicing and motor racing industry at a front-line level before he started his first used-car dealership in 1987.

Subsequently in 1991, Tony established Hammer Auctions, a motor vehicle auction business, to compete with Turners Auctions. This business was then sold to the Turner family in late 1996.

Throughout the 1990s and early 2000s, companies Tony owned were amongst the largest importers of used motor vehicles from Japan. Nowadays his company, Penrose Enterprises Limited, continues to import vehicles from Japan and Singapore and elsewhere in the world.

During his ownership of the Hammer Auctions business, Tony identified a lack of finance available for the purchase of motor vehicles. He formed Auto Finance Limited to take advantage of this opportunity. In 1995 Tony established Broadlands Finance Limited when he recognised the opportunity for a dedicated finance company that could be expanded by the use of debenture funding.

Tony has long been able to recognise and develop opportunities in the marketplace. He holds a significant number of commercial properties as well as other private business interests.

Tony founded Broadlands - he is a director and 100% shareholder. While Tony has provided support to Broadlands by financial and advisory means, he does not guarantee

Broadlands nor the Debentures offered by it.

TIM STOREY

Independent Director. BA, LLB

Tim has extensive legal and commercial experience across Australia and New Zealand where he was a partner with Bell Gully (NZ) until 2006. He has advised across a range of disciplines, including governance, transaction structuring and public offering matters, acquisitions and disposals to project and construction matters and general commercial practice. Clients ranged from New Zealand's leading corporates, to international companies entering the New Zealand marketplace and New Zealand based companies. Whilst at Bell Gully, Tim served on various management and practice committees.

Since leaving Bell Gully, Tim has pursued a range of business interests, particularly in property funds management together with various directorships and advisory roles.

Professional Memberships

New Zealand Law Society
Queensland Law Society
Associate member New Zealand Institute of Directors
Associate member Securities Institute of Australasia
Associate member New Zealand Properties Institute
Associate member New Zealand Property Council

The Executive Team

STEVE WILKINSON

Chief Executive Officer (CEO)

Steve joined Broadlands in April 2011 and has overall responsibility for the operations and strategy of the Broadlands business.

Steve has a wealth of general management experience based on a career spanning 40 years in the finance industry. He has held a number of senior leadership roles with AGC, Marac Finance, Equitable Life and South Canterbury Finance.

Steve has strong change management capability and proven experience in building a sustainable finance business.

BRIAN CAPPER

*Chief Financial Officer (CFO)
HDE (Commerce)*

Brian joined Broadlands in 2006 and has responsibility for Broadlands' risk management, treasury, taxation, accounting and finance activities.

Brian has an extensive background in manufacturing, accounting and business systems development. He has held roles with Toyota South Africa, Liberty Life Insurance Limited (South Africa) and Registry Managers Limited (now Computershare Limited).

Brian initiated the development and implementation of Broadlands' sophisticated analytical forecasting package (TM1), which assists the business to manage liquidity.

ANDREW MEXTED-BRAGG

*General Manager – Funding
NZDipBus (Mgt and IT), G.DipBus
(Financial Planning)*

Andrew joined Broadlands in February 2011 and has responsibility for the marketing, funding and disclosure documents for Broadlands.

Andrew has 15 years experience in the financial services sector with leading New Zealand institutions and brings both breadth and depth of experience in managing the Marketing, Product Development, Operations, Compliance, Business Development and IT functions.

Andrew has a thorough working knowledge of New Zealand securities legislation and related financial services regulations. Andrew has worked with Guardian Assurance, Sovereign, Affco New Zealand and the Equitable Group.

CATHY THOMPSON

Collections Manager

Cathy joined Broadlands in August 2011 and has responsibility for the collections activities of Broadlands business.

Cathy has extensive experience managing the operations, credit and collections functions of businesses within the financial services sector. Cathy has over 18 years experience in personal and consumer credit businesses, she is a qualified legal executive and has a wealth of knowledge in the collections area.

Cathy has worked with Instant Finance, Geneva Finance and Asseto Credit Management Limited.

We believe that all investors deserve to earn a fair return on their investment. It is therefore our goal and our business to manage the balance between risk and return.

Your Debenture Investment Explained

Set out below is a summary of the main terms of the Offer to invest in Broadlands. We encourage investors to refer to the more detailed information in other sections of this Prospectus, including the “Statutory Information” section, and in the Investment Statement relating to the Debentures. A copy of the Investment Statement can be obtained by calling Broadlands on 0800 27 62 35, or from our website www.broadlands.co.nz.

ISSUER

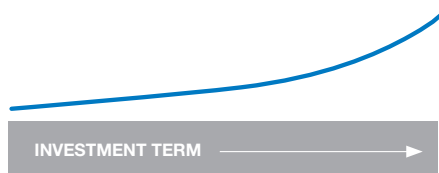
Broadlands Finance Limited

TYPE OF INVESTMENT

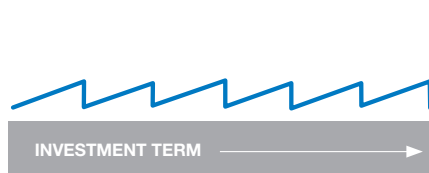
Fixed Term Deposit (“Debenture(s)”)

TERM INVESTMENT

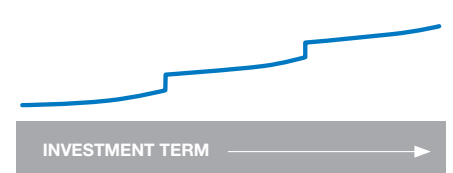
Broadlands offers flexibility to invest in a manner that suits each individual investor. You can choose to invest in the following products:



Compounding – under this growth option investors elect to reinvest the net interest payment each quarter. This allows investors to earn interest on interest.



Distributing – under this income option investors elect to have the net income distributed to their nominated bank account on either a monthly or quarterly basis.



Savings – under this savings option investors elect to make additions to the investment during the term of the investment selected. Interest earned during the investment is also added to the investment on a quarterly basis.

RANKING

Broadlands has granted a first ranking security interest over all present and future assets of Broadlands and any Charging Subsidiaries in favour of the Trustee on behalf of holders of Debentures. This security interest is subject to prior charges permitted under the Trust Deed and statutorily preferred claims.

All Debentures rank equally with all other Debentures in priority of repayment.

**INTEREST RATES
TERM INVESTMENTS**

Current interest rates are set out in Broadlands' current rate card which may be obtained by calling 0800 27 62 35, or from our website www.broadlands.co.nz.

Broadlands' interest rates change from time to time without notice. Interest rate changes will not apply to Debentures established prior to the date of change and which have a fixed rate of interest.

CALL DEBENTURES

Interest rates payable on "call" products are subject to change at any time. Broadlands does not publish the current call rate in a rate card.

The prevailing call interest rate at any particular time is available by calling Broadlands on 0800 27 62 35.

PAYMENT OF INTEREST

Interest will accrue on each Debenture on a daily basis from the date the Debenture commences and funds are received in Broadlands' bank account.

COMPOUNDING

Interest will be added to the balance of compounding investments calendar quarterly (March, June, September and December).

DISTRIBUTING

Interest will be distributed to your nominated bank account at the frequency (monthly or quarterly) selected on your application form.

SAVINGS

Interest will be added to the balance of savings investments calendar quarterly (March, June, September and December).

CALL ACCOUNTS

Interest on call accounts is added to the principal sum of the Debenture on a quarterly basis.

**INSTRUCTIONS AT MATURITY OF
DEBENTURE**

Prior to the maturity of your Debenture, Broadlands will send you a letter advising you that your investment is about to mature. You may elect to:

- (a) request that Broadlands transfer your investment to your nominated bank account; or
- (b) request that Broadlands reinvest your proceeds with Broadlands in a product and for a term of your choosing.

If Broadlands does not receive your instructions by the time your Debenture Stock matures, your investment will revert to the Company's "at call" rate of interest until receipt of instructions by Broadlands.

"At call" investments are repayable within one business day of your giving notice to Broadlands. Broadlands reserves the right to repay all "at call" investments at any time.

REQUEST FOR EARLY WITHDRAWAL

Investments in Broadlands are fixed for a period. This enables Broadlands to manage its cash flows and investments effectively, as a whole. Breaking the investment term is not encouraged.

Broadlands acknowledges that individual circumstances can change unexpectedly and therefore will consider, but not necessarily agree to, requests for early withdrawal on the following basis:

- (a) if continued investment would give rise to some proven form of material undue hardship, you may apply for early withdrawal in part or full; or

- (b) if there are medical reasons why it is beneficial to you, the investor, to have the proceeds of your investment returned early in part or in full.

If any early withdrawal is approved, it will be subject to an interest rate reduction to the rate which would have applied to the shorter investment term. The amount of that reduction will be determined by Broadlands at the relevant time.

Broadlands reserves the right to amend this policy and these rates from time to time.

ON DEATH OF AN INVESTOR

If requested, and subject to compliance with legal requirements and to Broadlands' liquidity constraints, Broadlands will pay to the personal representative of the deceased investor, all or part of the amount of the investment, with interest to the date of the payment without any adjustment to the rate of interest.

FEES

There are no fees payable to Broadlands to invest with Broadlands.

**APPLICATION AMOUNTS:
COMPOUNDING AND DISTRIBUTING**

Minimum investment: \$500

Maximum investment: \$250,000, or such larger amount as the Board may agree to accept.

SAVINGS

Minimum investment: \$250

Minimum addition: \$100 per month

Maximum addition: \$5,000 per month

TAXATION

Note: Comments made in this Prospectus concerning taxation are based on legislation at the date of this Prospectus and are necessarily general. Tax laws do change and such changes may materially affect investors. Investors should consult their own advisers for information on how New Zealand tax laws apply to them.

RESIDENT WITHHOLDING TAX

Under current New Zealand tax legislation, resident withholding tax (“RWT”) must be deducted from all interest paid or credited to you unless you supply Broadlands with a current certificate of exemption from RWT.

RWT will be deducted at the rates applicable at the time the interest is paid or credited. The current RWT rates are summarised below.

Where you do not supply your IRD number to Broadlands, RWT will be deducted at the default rate of 33%. However, if an IRD number is supplied, then the following RWT rates will apply:

- 10.5% where you are a natural person with income of \$14,000 or less or a trustee of a testamentary trust and you elect to apply this rate;
- 17.5% where you are a natural person with income between \$14,001 and \$48,000 (inclusive) or a trustee of a trust and you elect to apply this rate (this rate will also apply to natural persons or trustees who fail to notify Broadlands of a chosen RWT rate if the account was first opened before 31 March 2010);
- 30% where you are a natural person with an income between \$48,001 and \$70,000 (inclusive) or a trustee of a trust and you elect to apply this rate;
- 33% where you are a natural person with income over \$70,000 or a trustee of a trust and you elect to apply this rate;
- 28% where you are a company (other than a corporate trustee) and you elect to apply this rate.

For individual or trustee Debenture Stock holders who acquire Debenture Stock after 1 April 2010 and who fail to notify Broadlands of any chosen RWT rate, RWT will be deducted at the non-notification rate of 33%.

If you are a company and you fail to notify Broadlands of any chosen RWT rate, the

non-notification rate of 28% will apply.

You must notify Broadlands if you are a company (other than a corporate trustee).

Broadlands will not compensate you or gross up for any RWT deducted from interest payable on the Debentures.

NON-RESIDENT WITHHOLDING TAX

For investors who are not resident in New Zealand for tax purposes, and who are not engaged in business in New Zealand through a fixed establishment, Broadlands will deduct non-resident withholding tax (“NRWT”). The rate of NRWT is currently 10% or 15% depending on the country of residence of the non-resident investor and any entitlement of that investor to benefit under any applicable double tax agreement. Broadlands will not compensate you or gross up for any NRWT deducted from interest payable on the Debentures.

Broadlands is also an approved issuer and is able to apply Approved Issuer Levy (“AIL”), which is currently 2%, instead of NRWT.

All non-resident investors must provide Broadlands with their overseas residential address.

ANNUAL TAXATION STATEMENT

Broadlands will advise investors (unless interest paid is less than \$50) of the amount of interest paid or credited and any RWT, NRWT or AIL deducted for each year ending 31 March by 20 May in the same year.

TRANSFERS OF OWNERSHIP

Investors may choose to transfer their investment to another person on completion of an “instruction to transfer” form that complies with the Securities Transfer Act 1991 or in such other form as Broadlands and the Trustee approve.

The Broadlands Registry is the only official record of the Debenture holder entitlements.

STATEMENTS AND CERTIFICATES

For term investments, you will receive a certificate containing full information about your investment. This will be your record of the terms on which the investment has been accepted by Broadlands.

For “at call” investments, you will receive a deposit receipt recording the details of your investment.

Broadlands will send you confirmation of distributions of interest credited to your bank account or investment within five business days of the payment having been made.

HOW TO INVEST

Please refer to the Application Form attached to the Company’s current Investment Statement and select the term and interest rate that suits you best. Fill in the details and attach your cheque which should be crossed ‘Not Transferable’, and made payable to Broadlands Finance Limited then either post it to Broadlands at PO Box 68548, Newton, Auckland 1145; Freepost No 155106, or deliver it to Broadlands’ registered office at Level 3, 445 Karangahape Road, Newton, Auckland.

Alternatively, applications monies can be direct credited or electronically transferred to Broadlands’ application account number 03-0219-0372116-03 referencing your surname and initials. If you submit funds in the manner you will still need to complete and return an application form.

Broadlands can accept or decline any application in whole or in part. Where an application is declined Broadlands will refund application monies in respect of the declined amount within five working days without interest.

Broadlands’ current Investment Statement relating to the Debentures can be obtained by calling us on 0800 27 62 35, or downloading a copy from our website www.broadlands.co.nz.

We offer competitive investment opportunities to New Zealanders through our First Ranking Secured Debentures with terms of up to 60 months.

Investment Risks

All forms of investment involve risk. Finance companies in general terms will be faced with risks associated with solvency, liquidity, interest rates and customer default. Risk management is an area of key focus for the management and Board of Broadlands.

Although business risks are identified, assessed and managed using internal expertise and experience, Broadlands will engage external professionals to assist where necessary.

The principal risks for investors in Broadlands are that:

- payments of returns due to investors may be delayed;
- investors may not receive all or any of the returns due on their investment; or
- investors may not otherwise recoup all or any of their original investment.

It is reasonably foreseeable that any of these could occur for a number of reasons, including if:

- a higher than expected number or amount of loans are not repaid under the terms and conditions of the loans;
- the security taken for loans is not adequate and Broadlands is unable to recover the full amount from the borrower;
- there is a material deterioration in Broadlands' financial performance; or
- there is a lack of liquidity, due to lower than anticipated reinvestment or loan repayment rates.

Investors are reminded that neither Broadlands nor the Debentures are guaranteed under the Crown Guarantee Scheme, and no person other than a Charging Subsidiary provides any guarantee of the Company or the Debentures

The principal risks faced by Broadlands are summarised below.

LENDING RISK

Lending risk is the risk of Broadlands lending money and then not receiving back the principal, interest and fees owed by the borrower.

Broadlands' lending activities are generally higher risk than lending undertaken by banks or similar financial institutions and, as a result, attract a higher probability of default.

LOAN PORTFOLIO	
31 MARCH 2011	
Number of Loans	2689
Average Loan	\$11,780
31 MARCH 2010	
Number of Loans	3742
Average Loan	\$9,448

TABLE 5

CONCENTRATIONS – LENDING ACTIVITY

Refer Table 6

The Company's loan assets are concentrated in asset financing and personal loans. This type of lending traditionally has a higher level of default risk than other types of lending by financial institutions.

In general, asset financing and personal loans are provided at higher interest rates than, for example, owner-occupied residential mortgage loans, but they also pose greater credit risks to Broadlands. This is primarily due to:

- the value of assets financed being, in some cases (particularly where the loan is for 100% of the price of the asset and no security, other than over the asset, is obtained), lower initially than the amount of the loan;
- the accelerated depreciation (in general terms) of personal property assets such as motor vehicles, boats, household goods etc. (resulting in the erosion in value of the Company's security over time); and
- the relative credit strength of customers attracted to asset financing loans. Loans may or may not be secured.

LENDING ACTIVITY	31 MARCH 2011	31 MARCH 2010
Motor Vehicles/Personal	77%	75%
Property	3%	4%
Commercial/Wholesale	20%	21%
	100%	100%

TABLE 6

Given the reduction in the number of industry participants since 2006 and the significant increase in compliance costs creating barriers to entry, we believe that there are opportunities for Broadlands to grow in the current market.

The market value of assets held as security by the Company may vary depending on economic conditions. There may not be sufficient assets held as security in the event of customer default on loans, particularly if the value of the Company's security decreases.

The repayment of loans made by the Company depends on the business and financial condition of borrowers and other factors outside the control of the Company.

CONCENTRATIONS – GEOGRAPHIC LENDING

Refer Table 7

Economic events and changes in local market and regional conditions which the Company and its borrowers cannot control could have an adverse impact on the cash flows generated by these loans and on the values of the collateral securing the loans. The Company's success can depend on the general economic conditions in the areas in

which it conducts business. Unlike larger finance companies that are more geographically diversified, the Company provides loans to customers primarily in Auckland, Bay of Plenty and Waikato. The local economic conditions in these market areas have a significant impact on the Company's loans, the ability of the borrowers to repay these loans and the value of the collateral securing the loans. Significant decline in general economic conditions caused by inflation, recession, unemployment or other factors beyond the Company's control will affect these local economic conditions and could adversely affect the Company's ability to pay Stockholders.

The Company's continuing concentration of loans in the Company's primary market areas may therefore increase the risk of non-payment to Stockholders owing to defaults by the Company's customers.

GEOGRAPHIC LENDING	31 MARCH 2011	31 MARCH 2010
Auckland	65%	65%
Waikato/Bay of Plenty	19%	20%
Rest of New Zealand	16%	15%
	100%	100%

TABLE 7

ASSET QUALITY	NON-PERFORMING Loans that were in default for 1 day or more in the relevant year as a percentage of the finance receivables*	NON-PERFORMING Loans that were in default for 90 consecutive days or more in the relevant year as a percentage of the finance receivables*
31 March 2011	69%	34%
31 March 2010	66%	58%

*Please refer to Note 13 in the Financial Statements for further details on pages 35 and 36 of Appendix 2.

TABLE 8

ASSET QUALITY

Refer Table 8

The values of many assets that Broadlands lends against (vehicles, personal assets, business assets) tend to decline in value more rapidly than land and buildings. As a result, there is a risk that loan recovery may not be achieved in the event of default, meaning that the Company is then reliant on the ability to recover directly from the borrower.

There is the risk that the number of non-performing loans exceeds either the business or market expectations. If this occurs, there is a possibility that this will result in greater than expected lending losses, which may, in turn, impact the value of the security granted under the Trust Deed to support Debentures and impact Broadlands' ability to make payments on Debentures.

Market conditions have in recent years had a negative impact on non-performing loans.

Although Broadlands will seek security to support any advances made or other obligations owed to it where possible, there is a risk that the security given may be subject to other security interests, including prior ranking security interests. The need for security, and acceptability of security that is available, is determined by Broadlands on a case by case basis.

RESTRUCTURING OF LOANS

Within the finance sector, restructuring (of loans) generally refers to the re-writing of loan facilities so that loans are no longer overdue or in arrears. The process of restructuring loans can create an inaccurate view of the quality of the loans, especially when

restructuring applies to types or groups of loans rather than being managed on an individual basis.

Broadlands may from time to time restructure individual loans where it has evidence that a borrower will be able to better manage and meet its obligations under a restructured payment schedule.

LIQUIDITY AND FUNDING RISK

Liquidity risk is the risk that Broadlands does not have sufficient cash to meet its obligations as they fall due.

Broadlands' ability to make payments to Stockholders and others during various periods depends upon, among other things:

- the continued financial support of its shareholder (although the shareholder does not guarantee the Debentures and is under no obligation to provide additional support or funding to the Company in the future);
- scheduled payments received on its loans to customers (which will be affected not only by the contractual repayment schedule in these loans, but by the credit risk of each loan customer and the ability to enforce these loans against the underlying security);
- its ability to sell loans to third parties to raise sufficient cash to pay liabilities;
- its ability to raise further funds from depositors including its ability to raise funds from Stockholders under this offer;
- any unused capacity to borrow; and
- its net loan increases through the relevant period (which will reduce the cash and other readily available assets available to meet liabilities).

Historically, Broadlands has not borrowed from banks (other than its normal overdraft facilities) nor sold loans to third parties and there is no assurance that it could do so. The principal source of funds for Broadlands is

debentures from Stockholders and advances from the shareholder (although the shareholder does not guarantee the Debentures and is under no obligation to provide additional support or funding to the Company in the future). If sufficient funds are not received, this will affect the Company's ability to pay Stockholders and make further loans.

There is no guarantee that Broadlands will not suffer from increased material defaults on its loans that adversely affect its cash flow or assets. If material loan defaults exceed levels anticipated, the Company may have insufficient cash to repay Stockholders.

Tables setting out expected cash flows of the Company are shown in note 4 to the financial statements which are contained in Appendix 2. These tables were prepared as at 31 March 2011 and summarise the liquidity position of the Company at that time. These tables are prepared based on historical performance and estimates and there can be no assurance that the cash flows set out therein will be the actual cash flows for the items and the periods presented.

The average Debenture reinvestment rate over the twelve months to 31 March 2011 was 59% of investments maturing in that period, compared to the twelve month average to 31 March 2010 of 67%. The average Debenture reinvestment rate, excluding reinvestments by Tony Radisich and his related companies, over the twelve months to 31 March 2011 was 27% and over the twelve months to 31 March 2010 was 55%.

IMPAIRMENT

The Company's net finance contract receivables of \$26,314,957 (March 2010 \$23,427,794) as at 31 March 2011 comprise \$9,776,457 (March 2010 \$12,156,977) of loans that were neither past due nor impaired, \$10,661,036 (March 2010 \$2,878,091) of loans which were past due but not impaired and \$11,239,914 (March 2010 \$20,317,832) of loans which were past

due and had an impairment allowance of \$5,346,426 (March 2010 \$11,844,540). The loan balances include unearned interest of \$16,024 (March 2010 \$80,566).

Note 13 to the financial statements for the year to 31 March 2011 in Appendix 2 provides an aging of past due loans.

Assessing impairment

At each balance date, Broadlands assesses, on a case by case basis, whether there is any objective evidence that a loan is impaired. This procedure is applied to all customer accounts that are considered individually significant. In determining individual impairment allowances on these loans, many factors are considered including the:

- current security values;
- solvency of the borrower and guarantor;
- payment history on the account.

Impairment losses are calculated by discounting the expected future cash flows of a loan at its original effective interest rate, and comparing the resultant present value with the loan's current carrying amount.

Loans that have been individually assessed but no objective evidence of impairment existed, and loans that are not considered individually significant, are pooled into similar credit risk groups. These groups are then assessed for impairment based on historical loss experience of assets with similar risk characteristics. The historical loss experience is adjusted for the impact of current observable data.

Losses expected from future events, no matter how likely, are not recognised.

Change in impairment

As at 31 March 2010, the Company's loan portfolio (gross finance contract receivables) was subject to an impairment of \$11,844,540.

The weighting of the variables used to determine the impairment provision amount at

31 March 2010 were not fairly reflecting the actual historical performance of the Broadlands receivables base nor steps taken by management during the year ended 31 March 2011 to improve the sustainability of future cash flows, so changes to the model were made. In reassessing the weighting of the variables used to determine the amount of impairment at 31 March 2011, Broadlands has ensured that the changes it made to the previous valuation models were still consistent with NZ IFRS and would more fairly reflect the actual performance of the loan book. This new methodology has not resulted in any change in accounting policy. The reduction in impairment between 31 March 2011 and 31 March 2010 is principally due to the adoption of this new methodology rather than a material change in the nature or quality of the Company's lending portfolio. The methodology for assessing impairment for the year ended 31 March 2010 is set out in the financial statements for that year.

This reduction in impairment also improved the reported financial performance of the Company for the 12 months to 31 March 2011 because the \$2,675,472 impairment reduction is taken into account in the Statement Of Comprehensive Income and reduced the total expenses during the period. This contributed to the Company recording profit before tax of \$4,508,473 for the most recently completed financial year from total operating income of \$6,080,904.

MARKET CONFIDENCE

Events both locally and internationally have led to a decrease in confidence in the New Zealand economy and the debenture raising finance sector. This has had an adverse effect on Broadlands in the form of reduced reinvestment rates and new money flows.

CREDIT RATING

Under current regulations, all non-bank deposit takers are required to have a credit rating from an approved ratings agency.

As at 8 December 2010, the Company has a long-term issuer credit rating from Standard

& Poor's of B. The outlook on the rating remains as negative. Standard & Poor's affirmed the Company's short term credit rating as B. Under a long term issuer credit rating, an obligor rated 'B' is more vulnerable to adverse business, financial and economic conditions but currently has the capacity to meet financial commitments. Under a short term issuer credit rating, an obligor rated 'B' is regarded as vulnerable and has significant speculative characteristics.

If Broadlands' credit rating is downgraded, or other deposit takers' credit ratings upgraded, it could adversely impact the ability of Broadlands to raise the funds it requires to fund its business activities and meet its payment obligations in respect of Debentures offered under this Prospectus.

Further information about Broadlands' credit rating is set out in Appendix 4 on page 88.

FINANCIAL RISK

INTEREST RATES RISK

The Company's ability to pay Stockholders depends to a large extent upon its net interest income, which is the difference, or spread, between its gross interest income on interest-earning assets, such as loans to customers, and its interest expense on interest-bearing liabilities, such as liabilities to Stockholders and other borrowed funds.

Accordingly, the Company's ability to pay Stockholders is influenced by movements in market interest rates and its ability to manage interest-rate-sensitive assets and liabilities in response to these movements. Changes in interest rates could have a material adverse effect on the Company's business and on its ability to pay Stockholders. Because, as a general matter, the Company's interest-bearing liabilities re-price or mature more quickly than its interest-earning assets, an increase in interest rates generally would result in a decrease in the Company's interest rate spread and net interest income resulting in a reduced ability to pay Stockholders.

The Company is also subject to reinvestment risk relating to interest rate movements. Decreases in interest rates can result in increased prepayments of loans, as borrowers refinance to reduce their borrowing costs. Under these circumstances, the Company is subject to reinvestment risk to the extent that it is not able to reinvest funds from such prepayments at rates that are comparable to the rates on the prepaid loans. On the other hand, increases in interest rates on adjustable-rate loans result in larger payments due from borrowers. This could potentially increase the Company's level of loan delinquencies and defaults.

CASH FLOW RISKS

In order to meet its financial and operating liabilities, the Company requires cash flow from its lending and insurance businesses. If there is any material decrease in the Company's cash flows from its assets, or an increase in cash flows to service its financial liabilities, or if the Company's costs materially increase, the Company may be forced to reduce overheads further which may damage its business or impact on the Company's ability to make payments in respect of Debentures as they fall due.

OPERATIONAL RISK

Operational risks are risks that impact Broadlands ability to continue to operate under its current business model.

KEY PERSONNEL

The performance of Broadlands is dependent on the performance of the executive team and key staff. There is a risk that the loss or incapacity of one or more of the key personnel may have a temporary negative impact until a suitable replacement is in place.

The Company has spent considerable time bringing together a wide range of individuals in its executive team who have the skills, experience and ability to achieve sound results for the Company. To retain key personnel, Broadlands aims to provide remuneration packages which are fair and

reasonable and to create a desirable working environment.

INFORMATION TECHNOLOGY

Broadlands is reliant on information technology and other business systems to run its business operations. Performance of the business could be adversely affected by a failure to any key system.

As a measure of good practice, Broadlands ensures that there is business continuity, disaster recovery and contracted support agreements in place. The business also ensures that reputable, up to date and well supported hardware and software is used. Periodic testing is undertaken to ensure the integrity of backup solutions. Notwithstanding these factors, it is not possible to eliminate all inherent technology risks.

BUSINESS RISK

There are business risks outside the immediate control of Broadlands which may have an impact of the business model.

CROWN GUARANTEE

Until 12 October 2010, the Company had the benefit of a guarantee under the initial Crown Guarantee Scheme. That scheme, and the guarantee of Debentures under that scheme, expired at 12.01am on 12 October 2010. The Government put in place an extended Crown Guarantee Scheme to 31 December 2011, but the Company was not, and is currently not, eligible to participate in that new scheme because it has a B long term issuer credit rating (outlook negative) and the minimum credit rating to be eligible for participation in the new scheme is BB or above.

As a result, Broadlands' investment and reinvestment rate in Debentures may be adversely affected, particularly if other non-bank deposit takers are able to offer debt securities which have the benefit of the extended Crown Guarantee Scheme. This could have a material adverse effect on the financial performance and financial condition of the Company, including its liquidity.

REGULATION

Broadlands must comply with a range of statutory and regulatory requirements. By increasing the Company's compliance and operating costs, the various requirements, and any changes in the laws applicable to the Company or banking regulators' supervisory policies or examination procedures, could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows, or its ability to raise funds from depositors to pay liabilities, and may affect the Company's ability to pay Debentures.

In addition, if the Company is unable to access sufficient levels of additional capital to meet its obligations, then this will have a material adverse effect on the financial performance and financial condition of the Company.

Set out below is a summary of the principal statutory and regulatory obligations imposed on Broadlands.

SECURITIES REGULATIONS

Broadlands, being an issuer that continuously offers debt securities to the public and either lends money or provides financial services (but who is not a building society, credit union, or co-operative company), is required to comply with certain obligations under the Securities Regulations. Under the Securities Regulations, the Company must:

- provide regular reports to the Trustee about the Company's financial position and regularly certify compliance with the Trust Deed;
- keep the Trustee informed of matters relevant to the Trustee's duties;
- have the Borrowing Group's half-yearly financial statements audited or, if that requirement is waived by the Trustee, have them reviewed;
- provide the Trustee with copies of the Borrowing Group's audited annual and half-yearly financial statements;
- consult with the Trustee on the appointment of auditors and inform the

Trustee if an auditor resigns or declines appointment or reappointment; and

- include specific conditions in the terms of appointment of auditors, which will give auditors responsibilities in relation to the Trustee.

The Securities Regulations also give the Trustee the power, under certain circumstances, to:

- appoint an independent auditor to audit the financial statements of the Borrowing Group; and
- appoint an expert to assist the Trustee to determine the true financial position of the Company, and recover the fees and expenses from the Company.

NON-BANK DEPOSIT TAKER REGULATIONS

Under the Reserve Bank of New Zealand Act 1989 all finance companies, building societies and credit unions (known as "non-bank deposit takers" ("NBDT")) are regulated by the Reserve Bank of New Zealand. The Reserve Bank of New Zealand also has broad powers to make regulations relating to NBDTs, including:

- obtaining and maintaining a credit rating;
- developing and complying with risk management programmes appropriate for the size of the financial institution;
- minimum dollar amount and ratio of capital;
- restrictions on related party transactions;
- minimum liquidity requirements; and
- prescribed governance requirements (e.g., board composition).

The Deposit Takers (Credit Ratings, Capital Ratios and Related Party Exposures) Regulations 2010 ("Deposit Taker Regulations") came into force on 1 December 2010 and imposed requirements regarding related party transactions, minimum capital requirements, minimum liquidity requirements and governance requirements.

The Deposit Taker Regulations require

NBDTs to have a credit rating from an approved ratings agency, to maintain a minimum capital ratio of not less than 8% of capital and to limit their aggregate related party exposures to no more than 15% of their capital. The Deposit Taker Regulations also introduced governance requirements which prohibit NBDTs that are subsidiaries from including provisions in their constitutions that would allow directors to act other than in the best interests of the NBDT and require NBDTs that are companies to have a chairperson who is not an employee of either the NBDT or a related party, and to have at least two independent directors.

The Deposit Takers (Liquidity Requirements) Regulations 2010 (“Liquidity Regulations”) also came into force on 1 December 2010. They require, from 1 December 2010, that the Trust Deed includes at least one quantitative liquidity requirement.

On 29 November 2010, the Company amended its Trust Deed in order to comply with these regulations. The Trust Deed provides that the Company and each of the Charging Subsidiaries covenant with the Trustee that they will not permit:

- the Company’s capital ratio to be less than 9%;
- the Company’s aggregate related party exposure ratio to exceed 15%; or
- the liquid assets of the Charging Group, for the period from 1 December 2010 to 30 November 2011, to be less than 3.5% of the aggregate principal amount of Stock outstanding and, thereafter, 5%.

In addition, the Company has implemented a risk management programme approved by the Trustee. The Company currently has a long-term issuer credit rating from Standard & Poor’s of B (with negative outlook), and a short term credit rating of B. Further information about the Company’s credit rating can be found in Appendix 4 and on the website www.broadlands.co.nz.

If Broadlands requires additional capital or liquid assets to meet the requirements under the Trust Deed, the Deposit Taker Regulations or the Liquidity Regulations, and is unable to obtain either of them, Broadlands would potentially be unable to continue to offer Debentures, reducing its ability to obtain funding to meet its liquidity requirements and obligations to Stockholders.

The Reserve Bank is also developing policy recommendations for Cabinet to consider, which will include a requirement for all NBDTs to be licensed by the Reserve Bank, together with fit and proper person requirements, change of ownership regulations and a crisis management framework for dealing with NBDT distress and failures, which, if introduced, are likely to impose further regulatory requirements on NBDTs such as Broadlands.

FINANCIAL SERVICE PROVIDERS

The Financial Services Providers (Registration and Dispute Resolution) Act 2008 (“FSP Act”) introduced a mandatory registration and disputes resolution regime for “financial service providers”, including NBDTs such as Broadlands. Broadlands is registered under the FSP Act and is party to an external dispute resolution scheme. Details of Broadlands’ registration and the Register of Financial Service Providers can be accessed on the internet at www.fspr.govt.nz.

INSURANCE

The Insurance (Prudential Supervision) Act 2010 (the “Insurance Act”) recently came into force. In general terms, under that legislation anyone carrying on insurance business in New Zealand will be subject to the supervision by the Reserve Bank of New Zealand and will need to be licensed and comply with a number of ongoing prudential requirements.

The date on which various provisions of

the Insurance Act will come into force is staggered. Beneficial Insurance Limited has notified the Reserve Bank of its intention to carry on business as an insurer and intends to seek a provisional licence under the Insurance Act prior to 7 March 2012.

Beneficial Insurance Limited will need to obtain a full licence (or otherwise have transitioned out of its New Zealand insurance business) by 7 September 2013. Beneficial Insurance Limited intends to obtain a full insurance license. Once fully licensed, Beneficial Insurance Limited will need to comply with a number of ongoing requirements, as well as any conditions imposed on its licence by the Reserve Bank.

COMPETITION

The Company faces significant competition both in attracting Debenture investments and in the origination of loans. Finance companies, credit unions and commercial banks operating in the Company’s primary market area have historically provided most of its competition for deposits. In addition, the Company faces additional and significant competition for funds from mutual funds, exchange traded funds and issuers of corporate and government securities. Many of the Company’s competitors have substantially greater financial and other resources and some competitors have the benefit of being able to offer debt securities that are guaranteed under the Crown Guarantee Scheme that applies until 31 December 2011.

The recent collapses of several New Zealand finance companies have made it more difficult for the Company to attract deposits – owing to a general reluctance to extend money to non-bank institutions such as Broadlands.

AUDIT REPORT MATTERS

In forming their unqualified opinion on the 31 March 2010 financial statements, the prior auditors of the Company emphasised matters relating to the impairment of goodwill and

The implementation of these improvements, combined with the new regulatory requirements for non-bank deposit takers, necessitated a need to strengthen our business fundamentals by improving our capital and liquidity positions, reporting functions and risk management.

the finance receivables impairment allowance. The matters of emphasis reflected the uncertainties that the Company's prior auditors noted regarding the value ascribed to both the goodwill and the finance receivables in the financial statements. Grant Thornton was appointed as the new auditor of the Company in respect of the six months ended 30 September 2010 and remains the auditor. Grant Thornton's opinion on the 31 March 2011 financial statements is unqualified and is not subject to any matter of emphasis.

The prior auditor's opinion in respect of the year to 31 March 2010 stated:

'In forming our unqualified opinion, we have considered the adequacy of the following disclosures made in the financial statements in respect of:

Impairment of Goodwill

The assessment made by the Directors of the need for impairment of goodwill arising from the acquisition of Beneficial Insurance Limited. This assessment is based on the 'value in use' of the goodwill as calculated using a discounted cash flow methodology. The forecasts used in the discounted cash flow methodology are based on key assumptions as disclosed in note 15 and indicate that goodwill is not impaired. Actual events are likely to vary from those assumptions and if the forecasts are not achieved, the value of goodwill may be impaired. The financial statements do not include any adjustments that might be required should the goodwill be impaired.

Finance Receivables Impairment Allowance

The assessment made by the Directors of the finance receivable impairment allowance. Gross finance receivables are predominately unsecured and rely on future cash flows. The assessment for impairment of finance receivables is based on the forecast of future discounted cash flows from finance receivable categories and from the residual value

of certain categories, and the realisation of underlying securities. An impairment allowance of \$11,844,540 has been provided at 31 March 2010 as disclosed in note 13. This assessment of impairment is based on methodologies and estimates that reflect management's and the Directors' past experience and expectations of the future cash flow performance of the various finance receivable categories. Future cash flows and realisation of securities from finance receivables are inherently uncertain and given the current economic climate these uncertainties are fundamental to their recoverability. In the event the actual cash flows do not meet the forecasts, further impairment allowances would be required. Accordingly we are unable to estimate the impact of this uncertainty on the calculation of the impairment allowance.'

If the value of goodwill is impaired, or further finance receivable impairment allowances are required, the financial position of the Company may be adversely affected which may impact on, among other things, the Company's solvency or ability to make payments in respect of Debentures as they fall due.

FRAUD

There is a risk that Broadlands may be subject to fraud either by an internal or external party which leads to financial loss. Broadlands attempts to mitigate this risk through the implementation of tight controls and strong governance processes.

MARKET

With the economy having recently been in a recessionary phase of the business cycle, the Charging Group is exposed to the risk of the downturn affecting its customers' ability or willingness to borrow funds from Broadlands or to meet their payment obligations in respect of borrowed funds, and the willingness or ability of its investors to invest

in the Company's Debentures. The downturn may adversely impact the Company's ability to maintain its lending margins, the ability of borrowers from the Company to repay their loans, or the Company to realise assets from which to recover those loans if they are not repaid when due. If investors do not invest in Debentures, the Company may need to find alternative sources of funding at a potentially greater cost than the cost of Debenture funding.

The financial performance and stability of the Company could be adversely affected by further developments or changes in the economic conditions in the New Zealand and world economies. Such changes could include:

- changes in inflation and interest rates, which will particularly affect the net interest margin achieved by the Company as described above;
- changes in disposable incomes and job security which could impact adversely on the ability of borrowers to meet their financial commitments to the Company and the quality of the Company's loan portfolio; and
- changes in economic conditions that affect the stability of the finance sector caused by the failure of a major borrower or further collapse of major financial institutions.

Where loan insurance is provided by Broadlands' subsidiary, Beneficial Insurance Limited, the Charging Group remains exposed to the risks of redundancy, sickness, injury or death of borrowers to the extent not reinsured or covered by premiums. The Charging Group does not currently reinsure its liability.

Consumer credit indemnity contracts are available in respect of most loans, which provide only limited protection to the Company in the case of redundancy, sickness, injury or death of borrowers.

Statutory Information

This Prospectus dated 5 September 2011 is for an issue of up to \$40,000,000 of Debentures by Broadlands Finance Limited (Broadlands). The registered office of Broadlands Finance Limited is Level 3, 445 Karangahape Road, Newton, Auckland. The consideration to be paid for the Debentures is as set out on the Application Form (which is attached to the Investment Statement relating to the Debentures).

MAIN TERMS OF OFFER

Debentures are debt securities issued by Broadlands under the Trust Deed between Broadlands and Trustees Executors Limited dated 26 April 2001, as amended from time to time and amended and restated as at 29 November 2010.

In the case of Debentures that are a term investment, the rate of return on that Debenture is fixed for the term. In the case of Debentures that are “at call”, the rate of return is subject to daily review by Broadlands. Interest on call accounts will be added to the principal sum of the deposit on a quarterly basis.

Further terms of the offer are set out on pages 6 to 9 of this Prospectus. For further information on the securities being offered, see the “Your Debenture Investment Explained” section set out on pages 12 to 14 of this Prospectus and the summary of the terms of the Trust Deed set out in Appendix 3.

NAME AND ADDRESS OF OFFEROR

Not applicable.

DETAILS OF INCORPORATION OF ISSUER

Broadlands was incorporated on 25 January 1995 under the provisions of the Companies Act and was registered at Auckland on that date. Its registered number is 662530. The Company’s public file may be accessed on the Companies Office website at www.business.govt.nz/companies. Where relevant documents are not available on the website, a request for documents can be made (payment of a fee may be required) by telephoning the Ministry of Economic Development Business Service Centre on 0508 266 726 during normal business hours.

GUARANTORS

Repayment of the Debentures and interest thereon, payment of any other money payable under the Trust Deed, and the performance by Broadlands of all its obligations under the Trust Deed is unconditionally guaranteed by each of Beneficial Insurance Limited and Vehicle Funding Limited, both of which are wholly-owned Subsidiaries of Broadlands.

The guarantees are contained in the Supplemental Trust Deeds and are secured by a security interest and charge in favour of the Trustee over all present and future assets

of Beneficial Insurance Limited and Vehicle Funding Limited. None of the Trustee, the Directors, shareholder of Broadlands, or any person other than Beneficial Insurance Limited and Vehicle Funding Limited, guarantees the repayment of the Debentures or interest thereon.

NAMES, ADDRESSES AND OTHER INFORMATION

The name and address of the Directors are set out in the Directory on page 94 of this Prospectus.

There is no promoter and the Debentures are not underwritten.

Neither Broadlands nor any Director has been adjudged bankrupt or insolvent, convicted of a crime involving dishonesty, prohibited from acting as a director of a company, or placed in statutory management, voluntary administration, liquidation or receivership during the 5 years preceding the date of this Prospectus.

Details of the auditors, bankers, actuary and solicitors to Broadlands, and of the Trustee, are set out in the Directory on page 94 of this Prospectus.

RESTRICTIONS ON DIRECTORS' POWERS

The modifications, exceptions or limitations on the powers of the Board imposed by the Companies Act or the constitution of the Company are:

- unless shareholder approval is first obtained, the Directors may not issue further shares in the Company, including different classes of shares and shares that:
 - rank equally with, or in priority to, existing shares;
 - have deferred, preferred or other special rights or restrictions, whether as to voting rights or distributions or otherwise;
 - confer preferential rights to distributions of capital or income;
 - confer special, limited or conditional voting rights;
 - do not confer voting rights; or
 - are redeemable in accordance with section 68 of the Companies Act;
- the Directors may not authorise a dividend in respect of some but not all shares in a class, nor that is of greater value per share in respect of some shares of a class than it is in respect of other shares in that class (except in limited circumstances);
- a quorum for a meeting of the Board may be fixed by all of the Directors, and unless so fixed, is a majority of the Directors; and
- major transactions (as defined in the Companies Act) must be approved by a special resolution of shareholder(s).

There are no other modifications, exceptions or limitation on the powers of the Board imposed by the Companies Act or the constitution of the Company apart from those modifications imposed on all companies by the Companies Act, in force at the date of this Prospectus.

DESCRIPTION OF ACTIVITIES OF BORROWING GROUP

The Borrowing Group (as defined in the Securities Regulations) is referred to in the Trust Deed as the 'Charging Group'. The two expressions are synonymous. The Charging Group is made up of the Company, Beneficial Insurance Limited and Vehicle Funding Limited.

The activities of Broadlands during the 5 years preceding the date of this Prospectus are set out on pages 7 to 9 of this Prospectus.

As at the date of this Prospectus, Broadlands has two wholly-owned subsidiaries, Beneficial Insurance Limited and Vehicle Funding Limited. Each of Beneficial Insurance Limited and Vehicle Funding Limited are Charging Subsidiaries under the terms of the Trust Deed.

Beneficial Insurance Limited provides consumer credit indemnity cover to limit Broadlands' exposure to the redundancy, sickness, injury or death of its clients. Premiums are included by Broadlands in loans to its clients who elect to take out this indemnity cover. Beneficial Insurance Limited also provides insurance for veterinarian expenses in respect of family pets (as part of its Pet-n-Sur product). Beneficial Insurance Limited has been carrying on its activities since its incorporation in March 2002 and became a Subsidiary of Broadlands on 31 March 2005.

Vehicle Funding Limited was incorporated on 16 January 2008 and subsequently acquired by the Company from Tony Radisich, a Director and the sole shareholder of the Company, for nominal consideration (\$1.00). Vehicle Funding Limited became a Subsidiary of Broadlands on 2 February 2009. As at the date of this Prospectus, Vehicle Funding Limited has only conducted

a limited amount of business (gross sales for the year to 31 March 2011: \$54,237 (March 2010: \$26,400) importing and selling motor vehicles. It is intended that Vehicle Funding Limited be used to provide wholesale funding to motor vehicle dealers if this business is developed by the Company.

The principal assets of the Borrowing Group which are charged as security for the Debentures are loan receivables, office equipment, furniture and fittings, motor vehicles and leasehold improvements. These assets are used in the general operation of the Borrowing Group's business. The principal assets are not subject to obligations in favour of another person that modify or restrict the Borrowing Group's ability to deal with the assets.

SUMMARY FINANCIAL STATEMENTS

The financial statements in summary form for the Borrowing Group are set out in Appendix 1 on pages 31 to 36 of this Prospectus.

ACQUISITION OF BUSINESS OR SUBSIDIARY

Not applicable.

MATERIAL CONTRACTS

The Borrowing Group entered into the following material contracts, being contracts not entered into in the ordinary course of business, in the two years prior to the date of registration of this Prospectus.

2009 Loan Facility Deed

On 25 September 2009 Broadlands entered into a Loan Facility Deed with Timberton Investments Limited ("Timberton"), a company wholly owned by Tony Radisich (Broadlands' sole shareholder), under which the repayment of:

- existing Debentures issued to Timberlon under the terms of the Trust Deed; and
- existing loan advances received by Broadlands from Timberlon,

was deferred. That Loan Facility Deed has now been superseded by the 2011 Loan Deed.

2011 Loan Deed and Debenture Amendment Letter

On 4 August 2011 Broadlands entered into

a Loan Deed with Timberlon under which the repayment of existing loan advances received by Broadlands from Timberlon in 2007 was restructured as set out in table 9. On 27 July 2011 Broadlands also entered into a letter agreement (the Amendment Letter) with Timberlon under which existing Debentures issued to Timberlon under the terms of the Trust Deed were restructured as set out in table 10.

The repayment by Broadlands of the following loan advances made by Timberlon was deferred with the following repayment schedule now being in place.

LENDER	BORROWER	MATURITY DATE	CURRENT INTEREST RATE	AMOUNT
Timberlon	Broadlands	31 October 2012	15%	\$1,050,000
Timberlon	Broadlands	31 October 2013	15%	\$1,050,000
Timberlon	Broadlands	31 October 2015	15%	\$2,599,900
Timberlon	Broadlands	31 October 2016	15%	\$1,050,000
Timberlon	Broadlands	At Call	15%	\$309, 878
			Total	\$6,059,778

TABLE 9

Given the reduction in the number of industry participants since 2006 and the significant increase in compliance costs creating barriers to entry, we believe that there are opportunities for Broadlands to grow in the current market.

Debentures held by Timberton were restructured as follows:

DEBENTURE HOLDER	PRINCIPAL AMOUNT	INTEREST RATE	REDEMPTION DATE
Timberton	\$200,000.00	10.0%	31 July 2012
Timberton	\$200,000.00	10.0%	31 August 2012
Timberton	\$200,000.00	10.0%	30 September 2012
Timberton	\$200,000.00	10.0%	31 October 2012
Timberton	\$200,000.00	10.0%	30 November 2012
Timberton	\$200,000.00	10.0%	31 December 2012
Timberton	\$200,000.00	10.0%	31 January 2013
Timberton	\$200,000.00	10.0%	28 February 2013
Timberton	\$200,000.00	10.0%	31 March 2013
Timberton	\$300,000.00	10.0%	30 April 2013
Timberton	\$300,000.00	10.0%	31 May 2013
Timberton	\$300,000.00	10.0%	30 June 2013
Timberton	\$300,000.00	10.0%	31 July 2013
Timberton	\$300,000.00	10.0%	31 August 2013
Timberton	\$300,000.00	10.0%	30 September 2013
Timberton	\$300,000.00	10.0%	31 October 2013
Timberton	\$300,000.00	10.0%	30 November 2013
Timberton	\$300,000.00	10.0%	31 December 2013
Timberton	\$300,000.00	10.0%	31 January 2014
Timberton	\$300,000.00	10.0%	28 February 2014
Timberton	\$300,000.00	10.0%	31 March 2014
Timberton	\$450,000.00	10.0%	30 April 2014
Total	\$5,850,000.00		

TABLE 10

In the case of Debentures, Broadlands has agreed in the Amendment Letter that the Redemption Date will be the date of redemption stated in the table above or, at the agreement of Broadlands, the date that is ten business days following the date of receipt by Broadlands of a notice in writing given by Timberton requesting redemption, provided that on the date of redemption of the relevant debenture the Broadlands board of directors is satisfied that:

- (a) it is prudent to make the payment having regard to Broadlands' forecast cashflow sources and uses;
- (b) Broadlands will, immediately after the redemption of the Debenture, satisfy all its covenants and other obligations under the Trust Deed and satisfy the solvency test set out in the Companies Act 1993; and
- (c) no Event of Default (as defined in the Trust Deed) has occurred and is continuing or is likely to occur, and the redemption is otherwise permitted under the Trust Deed and applicable law.

In the event that any requirement set out in paragraph (a), (b) or (c) cannot be satisfied on the date of redemption applicable to the notice given by Timberton, the notice requesting repayment will be void and of no effect.

Notwithstanding that the redemption dates for Debentures held by Timberton have been extended as set out above, those Debentures will continue to have the same protections of Debentures under the terms of the

Trust Deed, including equal ranking with Debentures issued under this Prospectus.

Tony Radisich does not guarantee Broadlands or the Debentures and he is under no obligation to provide additional support or funding to the Company in the future, whether through Timberton or otherwise.

Subscription Agreement with Fluid Capital LLC

Broadlands has entered into a subscription agreement dated 13 July 2011 (amended on 31 August 2011) with Fluid Capital LLC as general partner of a Japanese partnership known as Broadlands Finance Funding (the "Partnership") under which the Partnership may, from time to time, subscribe for Debentures. There is no obligation on the Partnership to subscribe for Debentures and no obligation on Broadlands to accept any application by the Partnership for Debentures. Under the subscription agreement, Broadlands has agreed to pay commission and an administration fee to the Partnership on applications accepted and to meet the Partnership's currency hedging costs that are approved by Broadlands. Any Debentures issued to the Partnership will rank equally with all Debentures already on issue or that may be issued in the future under the Trust Deed. Broadlands does not control or own any interest in the Partnership and is not associated with the Partnership other than as the issuer of Debentures to the Partnership and as the party who paid certain costs associated with the Partnership's establishment.

Fee Letter with Fluid Capital Structuring Inc
Under a letter agreement dated 20 June 2011, Broadlands has agreed to pay fees to Fluid Capital Structuring Inc (Fluid) in connection with the establishment by Fluid of the Partnership.

PENDING PROCEEDINGS

There are no legal proceedings nor arbitrations pending at the date of this Prospectus that may have a material adverse effect on the Borrowing Group.

ISSUE EXPENSES

The estimated expenses of, and incidental to, the issue of the Debentures pursuant to this Prospectus are \$70,000 exclusive of brokerage.

Broadlands will pay brokerage to sharebrokers, financial planners and agents of Broadlands on the value of applications lodged by them and reinvestments elected at a rate 0.50% per annum paid at the time the investment is lodged. A minimum brokerage of \$25.00 is payable per investment.

RANKING OF SECURITIES

As at 31 March 2011 and as at the date of this Prospectus, there were no securities on issue secured by a mortgage or charge over any of the assets of the Borrowing Group that rank in point of security ahead of the Debentures.

The Debentures offered under this Prospectus will rank equally with all Debentures already on issue or that may be issued in the future by the Company under the Trust Deed.

This is your opportunity to invest in a business positioning itself for growth and operating with integrity.

As at 31 March 2011, \$12,575,896 of equal ranking Debentures had been issued under the Company's earlier Prospectuses and remained outstanding.

PROVISIONS OF THE TRUST DEED AND OTHER RESTRICTIONS ON BORROWING GROUP

The date, parties and particulars of any limitations in the Trust Deed relating to the Debentures are described in Appendix 3 on pages 85 to 87 of this Prospectus. There are no restrictions on the Borrowing Group's ability to borrow other than those restrictions contained or referred to in the Trust Deed as set out on pages 85 to 87 of this Prospectus. The duties stated by the Trust Deed to be those of the Trustee are set out at pages 85 to 87. A statement by the Trustee that the offer of the Debentures complies with the Trust Deed and that the Trustee does not guarantee repayment of the Debentures or payment of any interest on the Debentures is set out on page 85 of this Prospectus.

OTHER TERMS OF OFFER AND SECURITIES

All the terms of the offer of the Debentures (other than those implied by law, set out in the Trust Deed or the Supplemental Trust Deeds or which have been registered with a public official, are available for public inspection and referred to in this Prospectus) are set out in this Prospectus.

REQUIREMENTS IN RESPECT OF THE FINANCIAL STATEMENTS

Prior to registration of the Prospectus, a member of the Borrowing Group had commenced business and acquired assets

and incurred debts. Clauses 17 and 18 of Schedule 2 of the Securities Regulations (relating to financial statements) are therefore applicable.

Audited financial statements for the Charging Group as at and for the year ended 31 March 2011 that comply with the Financial Reporting Act 1993 were registered on 15 July 2011. In connection with the preparation of this Prospectus, those financial statements were subject to minor amendments, each of which is immaterial to the financial statements. On the date of this Prospectus the amended financial statements were signed and registered with the Companies Office together with the audit opinion of Grant Thornton (also dated the date of this Prospectus). The audited financial statements of the Borrowing Group for the year ended 31 March 2011 and the accompanying notes are set out in Appendix 2 of this Prospectus.

PLACES OF INSPECTION OF DOCUMENTS

A copy of this Prospectus duly signed and having attached thereto copies of the Auditor's report, the signed consent of the Auditor to the report appearing in this Prospectus and the Trustee's statement together with the material contracts referred to above (being the documents which are required by Section 41 of the Securities Act and Regulation 18 of the Securities Regulations to be so attached) have been delivered to the Registrar of Financial Service Providers for registration.

Copies of the constitution, Trust Deed, audited financial statements and the material contracts referred to above may

be inspected without fee (between 9.00 am and 5.00 pm on normal business days) at the registered office of the Company at Level 3, 445 Karangahape Road, Newton, Auckland. The Company's constitution, Trust Deed and audited financial statements, together with the Company's public file, may also be viewed on the Companies Office website at www.business.govt.nz/companies, free of charge. Copies of the material contracts may also be obtained (payment of fee may be required) by telephoning the Ministry of Economic Development Business Service Centre on 0508 266 726 during normal business hours.

OTHER MATERIAL MATTERS

There are no other material matters relating to the Debentures offered pursuant to this Prospectus other than matters set out elsewhere in this Prospectus, the audited financial statements and contracts entered into in the ordinary course of business by members of the Borrowing Group.

This Prospectus is issued in accordance with the Securities Act (Continuous Debt Issues) Exemption Notice 2002 in conjunction with the Securities Act (Transition to Securities Regulations 2009) Exemption Notice 2009.

AUDITOR'S REPORT

A copy of the Auditor's report required by clause 22 of Schedule 2 to the Securities Regulations is set out under the heading "Auditor's Report" in Appendix 6 of this Prospectus.

Directors' Statement

The Directors, after due enquiry by them in relation to the period between 31 March 2011 and the date of registration of this Prospectus, are of the opinion that, no circumstances have arisen that materially adversely affect:

- (a) the trading and profitability of the Charging Group;
- (b) the value of the Charging Group's assets; or
- (c) the ability of the Charging Group to pay its liabilities due within the next 12 months.



NIGEL PHILIP SMITH



ANTHONY (TONY) RADISICH



TIM STOREY

Statutory Index

The following information is included as required under Schedule 2 of the Securities Regulations.

CLAUSE	DESCRIPTION	PAGE
1	Main Terms of Offer	22
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3	Details of Incorporation of Issuer	22
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5	Names, Addresses and Other Information	22
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Glossary

Following is a summary of the key words/phrases and their definitions in this Prospectus:

Some of the following definitions have been taken (and in certain instances summarised) from the Trust Deed and any specific reference must be made to the Trust Deed itself. A copy of the Trust Deed may be inspected without fee at registered office of the Company, during normal business hours. Investors may also download a copy of the Trust Deed from the Companies Office website at www.business.govt.nz/companies

'Application Form' means the application form attached to and forming part of the Investment Statement.

'Approved Issuer Levy' or **'AIL'** has the meaning given to that term in the Stamp and Cheque Duties Act 1971.

'Broadlands' and **'Company'** means Broadlands Finance Limited or in the case of the Directors' Statement on page 28, Broadlands Finance Limited and the Charging Subsidiaries.

'Board' means the board of Directors of Broadlands.

'Borrowing Group' has the same meaning as **'Charging Group'**.

'Charging Group' and **'Group'** means Broadlands and the Charging Subsidiaries (of which there is only Beneficial Insurance Limited and Vehicle Funding Limited as at the date of this Prospectus) or any one or more of them as the context requires.

'Charging Subsidiary' means any Subsidiary which becomes a Charging Subsidiary pursuant to clause 7.1 of the Trust Deed and in each case remains a Charging Subsidiary. As at the date of this Prospectus, Beneficial Insurance Limited and Vehicle Funding Limited are the only Charging Subsidiaries.

'Companies Act' means Companies Act 1993.

'Crown Guarantee Scheme' means the New Zealand Deposit Guarantee Scheme constituted by Her Majesty the Queen in Right of New Zealand acting by and through the Minister of Finance.

'Debentures' means secured first ranking

Debentures of up to \$40,000,000 offered to the public pursuant to this Prospectus. (The Debentures are secured by a first ranking security interest granted in favour of the Trustee for the benefit of Stockholders, subject to permitted prior charges and statutorily preferred claims.)

'Debentures Certificate' means the certificate provided to an investor by Broadlands recording the terms of the investor's investment.

'Director' means a director of Broadlands.

'Extraordinary Resolution' has the meaning given to that term in the Trust Deed.

'Investment Statement' means the investment statement prepared in accordance with the Securities Act 1978 in relation to the offer of Debentures pursuant to this Prospectus, as amended from time to time.

'NZ GAAP' means generally accepted accounting practice as defined in section 3 of the Financial Reporting Act 1993.

'NZIFRS' means the New Zealand equivalents to International Financial Reporting Standards.

'Prior Charge' has the meaning given to that term in the Trust Deed.

'Prospectus' means this prospectus.

'Related Parties' means any Company or person related to the Charging Group. It does not include any Charging Subsidiary.

'Securities Act' means Securities Act 1978.

'Securities Regulations' means Securities Regulations 2009.

'Security Stock' has the meaning given to that term in the Trust Deed.

'Shareholders' Funds' has the meaning given to that term in the Trust Deed.

'Stockholder' means a holder of Debentures.

'Subsidiary' means a company which is for the time being a subsidiary of the Company within the meaning of section 5 of the Companies Act and any other person to be treated as a subsidiary according to NZ GAAP from time to time.

'Supplemental Trust Deeds' means the supplemental trust deed dated 11 April 2005 between Beneficial Insurance Limited and the Trustee whereby Beneficial Insurance Limited has guaranteed the obligations of the Company and each other Charging Subsidiary under the Trust Deed, and the supplemental trust deed dated 7 September 2009 between Vehicle Funding Limited and the Trustee whereby Vehicle Funding Limited has guaranteed the obligations of the Company and each other Charging Subsidiary under the Trust Deed.

'Total Readily Realisable Investments' means the total cash and deposits at any bank; public sector securities; and investments supported by a bank or New Zealand Government, and includes any accrued interest but deducting a proper provision unearned income and bad and doubtful debts.

'Total Secured Receivables' means the total of any secured loans, instalments on hire purchase and lease agreements payable to the Charging Group after deducting a proper provision for unearned income and bad and doubtful debts.

'Total Unsecured Receivables' means the total unsecured debt payable and outstanding to the Charging Group, and any other current asset after deducting a proper provision for unearned income and bad and doubtful debts.

'Total Other Tangible Assets' means the total of all other tangible assets.

'Total Liabilities' means the amount of all liabilities of the Charging Group but does not include any subordinated debt or convertible notes.

'Total Tangible Assets' has the meaning given to that term in the Trust Deed.

'Trust Deed' means the trust deed dated 26 April 2001 between the Company and the Trustee, as amended by a deed of modification dated 3 October 2002, Supplemental Trust Deeds dated 11 April 2005 and 7 September 2009 and Deed of Amendment and Restatement dated 29 November 2010.

'Trustee' means Trustees Executors Limited.

APPENDIX 1

Broadlands Finance Limited Summary Financial Statements

The information contained in this appendix has been extracted from the annual audited financial statements of the Charging Group for the year ended 31 March over the past 5 years. The summary financial statements cannot provide a full understanding as that which is provided in the annual audited financial statements.

The financial statements for the Company and the Charging Group for the year ended 31 March 2011 are contained in Appendix 2 of this Prospectus, may be viewed on the Companies Office website (www.business.govt.nz/companies) or a copy may be requested by calling the Company directly on 0800 27 62 35.

The full financial statements have been prepared in accordance with NZ IFRS.

The Company and the Charging Group are profit-orientated entities.

The full financial statements include an unreserved statement of compliance with NZ IFRS.

The summary financial statements are presented in New Zealand Dollars ("NZD") which is the Charging Group's functional currency.

The amounts in the summary financial statements have been rounded off to the nearest dollar.

NZ IFRS means the New Zealand equivalent of the International Financial Reporting Standards. Previous NZ GAAP are the accounting rules that applied prior to the adoption of NZ IFRS.

The summary financial statements are in compliance with FRS-43.

There have been no events that have occurred between 15 July 2011, being the date the financial statements were originally issued, and the date of this prospectus. The summary financial statements have been authorised for issue by the directors on 5 September 2011 and on that date our auditor, Grant Thornton, issued an unmodified opinion.

SUBSEQUENT EVENTS

The following events have occurred subsequent 31 March 2011:

- (a) On 15 June 2011, Timberton Investments Limited, a related party, agreed to the re-scheduling of the loan repayment that was due on 31 October 2011. This loan repayment is now due on 31 October 2016.
- (b) On 15 June 2011, Tim Storey, a Director of Broadlands Finance Limited, was appointed as a Director of Beneficial Insurance Limited.

There were no subsequent events requiring disclosure or measurement changes to the financial statements in the March 2010 and March 2011 accounts.

The financial statements for the Company and the Charging Group were signed on 30 June 2011 and the audit opinion was issued on the same date. In connection with the preparation of this Prospectus, those financial

statements were subject to minor amendments, each of which is immaterial to the financial statements. On the date of this Prospectus the amended financial statements were signed and registered with the Companies Office together with the audit opinion of Grant Thornton (also dated the date of this Prospectus). Please refer to pages 20 and 21 for information regarding "Audit Report Matters".

AUDIT REPORT MATTERS

A summary of the Charging Group's statements of financial position, statements of comprehensive income, statements of changes in equity and a summary of cash flow statements for the years ended 31 March 2011, 2010, 2009, 2008 and 2007 has been taken from previously audited financial statements. Grant Thornton expressed an unmodified opinion on the summary financial statements for the year ended 31 March 2011 on 30 June 2011.

The Charging Group financial statements for the years ended 31 March 2010, 2009 and 2008 were audited by another auditor. Although unmodified opinions were issued for each of these years on 20 August 2010, 29 June 2009 and 26 September 2008 respectively, they all contained an emphasis of matter clause that drew attention to the carrying amount of goodwill arising from the acquisition of Beneficial Insurance Limited and the amounts reported for finance receivables.

The predecessor auditor drew attention to the fact that a decision to not impair the goodwill amount reported was based on the "value in use" of the goodwill as calculated using a discounted cash flow methodology which required the directors to make some key assumptions, which if subsequently deemed inappropriate may require impairment of the reported amount of goodwill.

In addition, the predecessor auditor also drew attention to the fact that the gross finance receivables amount reported in the statement of financial position was based on the forecast of future discounted cash flows from various finance receivable categories, and from the residual value of certain finance receivable categories, and from the realisation of underlying securities. This auditor also drew attention to the fact that the assessment of impairment was based on methodologies and estimates that reflect management's and the Directors' past experience and expectations of the future cash flow performance of the various finance receivable categories, noting that future cash flows and the realisation of securities from finance receivables are inherently uncertain. Given the economic climate at the time of issuing the opinion, these uncertainties are fundamental to their recoverability. The predecessor auditor reported that in the event actual cash flows do not meet the forecasts, further impairment allowances would be required, but they were, at the time of issuing their opinions for the years ended 31 March 2010, 2009 and 2008, unable to estimate the impact of this uncertainty on the calculation of the impairment allowance.

Another auditor was responsible for the 31 March 2007 audit of the company and the Charging Group and they issued an unmodified opinion on them on 6 September 2007.

APPENDIX 1

SUMMARY FINANCIAL STATEMENTS

REPORTING ENTITY

The consolidated summary financial statements are for the Charging Group comprising ultimate parent company Broadlands Finance Limited, and subsidiaries Beneficial Insurance Limited and Vehicle Funding Limited.

The Company and the other members of the Charging Group are profit oriented entities. The Charging Group provides financial and insurance services in New Zealand. The Company is a limited liability company incorporated and domiciled in New Zealand, and registered under the Companies Act 1993. The Company is a reporting entity for the purposes of the Financial Reporting Act 1993 and its financial statements comply with that Act. The Company is also an issuer in terms of the Securities Act 1978.

These financial statements on pages 5 to 49 of Appendix 2 were approved for issue by the Board of Directors on 30 June 2011. The Company has the power to amend and reissue financial statements and did so on the date of this Prospectus by signing and registering with the Companies Office amended financial statements for the year ending 31 March 2011. The financial statements were amended to correct immaterial items identified in connection with the preparation of this Prospectus.

STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared in accordance with New Zealand generally accepted accounting practice ("NZ GAAP"). They comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS"), and other interpretations as appropriate to profit-oriented entities. The financial statements also comply with International Financial Reporting Standards (IFRS).

The financial statements are for the years ended 31 March 2007 to 31 March 2011 inclusive.

These financial statements have been prepared under the historical cost convention.

The financial statements for the year ended 31 March 2007 were prepared under applicable NZ GAAP at the time ("Previous NZ GAAP") and are presented in these consolidated summary financial statements as both NZ IFRS and NZ GAAP in separate columns.

The Company is involved in Consumer Finance, Vehicle Finance, Business Finance, and Property Finance. Its subsidiaries were involved in insurance by way of Consumer Credit Indemnity ("CCI"), Guaranteed Finance Protection ("GFP") and pet insurance and whole-sale funding to selected New Zealand motor vehicle dealers.

The preparation of the financial statements in conformity with NZ IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company and Charging Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

There have been no changes in accounting policies that have materially affected these summary financial statements other than the transition from Previous NZ GAAP to NZ IFRS.

STATEMENT OF COMPREHENSIVE INCOME
As at 31 March of each year

	NZIFRS	NZIFRS	NZIFRS	NZIFRS	NZIFRS	Previous NZ GAAP
	Audited Year Ended 2011	Audited Year Ended 2010	Audited Year Ended 2009	Audited Year Ended 2008	Audited Year Ended 2007	Audited Year Ended 2007
	\$	\$	\$	\$	\$	\$
Interest and similar income	6,883,652	7,418,281	7,748,750	8,661,729	8,297,231	8,334,068
Interest expense and related charges	(2,245,074)	(2,367,789)	(2,351,793)	(3,231,241)	(2,257,730)	(1,998,786)
Net interest income	4,638,578	5,050,492	5,396,957	5,430,488	6,039,501	6,335,282
Fee and commission income	680,261	1,155,402	977,226	1,681,815	2,056,500	2,379,761
Fee and commission expense	(59,641)	(75,654)	(58,153)	(396,163)	(761,506)	(761,506)
Net fee and commission income	620,620	1,079,748	919,073	1,285,652	1,294,994	1,618,255
Insurance income	1,688,474	2,537,764	2,636,254	3,133,969	4,751,734	4,747,852
Insurance expense and related charges	(1,177,984)	(999,868)	(1,026,731)	(1,585,948)	(3,446,260)	(2,737,044)
Net insurance income	510,490	1,537,896	1,609,523	1,548,021	1,305,474	2,010,808
Other income	311,216	326,712	9,065	6,612	28,870	143,512
Other operating income	311,216	326,712	9,065	6,612	28,870	143,512
Total operating income	6,080,904	7,994,848	7,934,618	8,270,773	8,668,839	10,107,857
Employee benefits expense	(1,893,159)	(2,047,196)	(2,178,842)	(3,299,029)	(3,588,664)	(3,588,664)
Net impairment (loss)/ gain on financial assets	2,675,472	(6,353,757)	(2,287,563)	219,187	(1,679,127)	(1,539,225)
Operating lease expenses	(271,465)	(332,378)	(365,163)	(423,909)	(497,286)	(497,286)
Depreciation	(83,973)	(99,402)	(137,635)	(141,196)	(159,137)	(159,137)
(Loss)/Profit on sale of fixed assets	(58,340)	851	(82,769)	(29,148)	(4,120)	(4,120)
Audit fees	(230,702)	(235,943)	(257,927)	(120,000)	(76,928)	(76,928)
Directors' fees	(102,375)	(101,250)	(98,402)	(72,850)	(79,725)	(79,725)
Other operating expenses	(1,607,889)	(1,465,874)	(1,310,695)	(1,966,375)	(2,270,308)	(3,974,490)
Total expenses	(1,572,431)	(10,634,949)	(6,718,996)	(5,833,320)	(8,355,295)	(9,919,575)
Profit/(Loss) before income tax	4,508,473	(2,640,101)	1,215,622	2,437,453	313,544	188,282
Income tax expense	(1,923,110)	789,569	(367,868)	(774,798)	(162,578)	(250,084)
Profit/(Loss) for the period attributable to equity holders	2,585,363	(1,850,532)	847,754	1,662,655	150,966	(61,802)
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	2,585,363	(1,850,532)	847,754	1,662,655	150,966	(61,802)

APPENDIX 1

SUMMARY FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN EQUITY

As at 31 March of each year

	NZIFRS	NZIFRS	NZIFRS	NZIFRS	NZIFRS	Previous NZ GAAP
	Audited Year Ended 2011	Audited Year Ended 2010	Audited Year Ended 2009	Audited Year Ended 2008	Audited Year Ended 2007	Audited Year Ended 2007
	\$	\$	\$	\$	\$	\$
Opening Share Capital	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000
New Share Capital	-	-	-	-	-	-
Dividends	-	-	-	-	-	-
Closing Share Capital	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000
Opening Retained Earnings	1,080,596	2,931,128	2,083,374	420,719	269,753	3,739,795
Profit for the period	2,585,363	(1,850,532)	847,754	1,662,655	150,966	(61,802)
Closing Retained Earnings	3,665,959	1,080,596	2,931,128	2,083,374	420,719	3,677,993
Share Capital	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000
Retained Earnings	3,665,959	1,080,596	2,931,128	2,083,374	420,719	3,677,993
Total Equity	17,665,959	15,080,596	16,931,128	16,083,374	14,420,719	17,677,993

APPENDIX 1

SUMMARY FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

As at 31 March of each year

	NZIFRS	NZIFRS	NZIFRS	NZIFRS	NZIFRS	Previous NZ GAAP
	Audited Year Ended 2011	Audited Year Ended 2010	Audited Year Ended 2009	Audited Year Ended 2008	Audited Year Ended 2007	Audited Year Ended 2007
	\$	\$	\$	\$	\$	\$
ASSETS						
Cash and cash equivalents	528,504	1,245,160	3,444,713	(229,460)	294,205	294,205
Net Finance contract receivables	26,314,957	23,427,794	25,978,470	31,623,308	33,230,888	38,674,789
Loans to related parties	-	-	16,935	675	90,000	90,000
Deferred Acquisition Costs	368,967	723,321	875,486	1,256,676	1,236,463	1,236,463
Government Stock	510,000	510,000	510,000	510,000	510,000	510,000
Other assets	1,037,962	507,551	250,971	159,864	207,922	207,992
Plant and equipment	163,449	303,160	254,691	364,745	511,125	511,125
Intangible assets	7,416,751	7,416,751	7,416,751	7,416,751	7,416,751	7,026,750
Investment in Subsidiaries	-	-	-	-	-	-
Deferred tax assets	1,517,914	3,639,016	2,536,045	2,146,125	2,687,185	890,697
Total assets	37,858,504	37,772,753	41,284,062	43,248,684	46,184,539	49,442,021
LIABILITIES						
Payables	620,931	694,658	541,765	528,057	909,171	909,379
Current tax liabilities	(370,817)	559,226	1,354,472	714,196	463,877	463,877
Provision for Insurance Claims	155,810	169,000	128,000	100,000	10,000	10,000
Interest bearing financial liabilities	12,575,896	15,038,259	15,161,528	17,422,979	22,091,050	22,091,050
Loans from related parties	6,059,778	5,200,000	5,241,429	5,250,888	5,088,412	5,088,412
Insurance premiums in advance	1,150,947	1,031,014	1,925,740	3,149,190	3,201,310	3,201,310
Total liabilities	20,192,545	22,692,157	24,352,934	27,165,310	31,763,820	31,764,028
NET ASSETS	17,665,959	15,080,596	16,931,128	16,083,374	14,420,719	17,677,993
EQUITY						
Issued capital	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000
Retained earnings	3,665,959	1,080,596	2,931,128	2,083,374	420,719	3,677,993
TOTAL EQUITY	17,665,959	15,080,596	16,931,128	16,083,374	14,420,719	17,677,993

APPENDIX 1

SUMMARY FINANCIAL STATEMENTS

STATEMENT OF CASH FLOWS

As at 31 March of each year

	NZIFRS	NZIFRS	NZIFRS	NZIFRS	NZIFRS	Previous NZ GAAP
	Audited Year Ended 2011	Audited Year Ended 2010	Audited Year Ended 2009	Audited Year Ended 2008	Audited Year Ended 2007	Audited Year Ended 2007
	\$	\$	\$	\$	\$	\$
Net cash (outflow)/inflow from operating activities	888,530	(1,863,771)	6,099,693	3,554,728	(1,674,647)	(2,428,469)
Net Cash (outflow)/inflow generated by investing activities	(2,601)	(147,019)	(110,350)	(23,965)	(177,195)	(4,335,264)
Net cash (outflow)/inflow from financing activities	(1,602,585)	(188,763)	(2,315,170)	(4,054,428)	(1,295,544)	(1,240,591)
Net increase/(decrease) in cash and cash equivalents	(716,656)	(2,199,553)	3,674,173	(523,665)	(3,147,388)	(3,147,386)
Cash and cash equivalents at beginning of period	1,245,160	3,444,713	(229,460)	294,205	3,441,593	3,441,591
Cash and cash equivalents at end of period	528,504	1,245,160	3,444,713	(229,460)	294,205	294,205

APPENDIX 2

Broadlands Finance Limited Consolidated Financial Statements

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APPENDIX 2

CONSOLIDATED FINANCIAL STATEMENTS

COMPANY DIRECTORY

Date of Incorporation	25 January 1995
Nature of Business	The Company is involved in Consumer Finance, Vehicle Finance, Business Finance and Property Finance. Its subsidiaries are involved in Insurance by way of Consumer Credit Indemnity, Guaranteed Finance Protection and pet insurance and wholesale funding to selected New Zealand companies.
Registered Office	Level 3, 445 Karangahape Road Newton Auckland 1010
Company Number(s)	Broadlands Finance Limited – 662530 Beneficial Insurance Limited – 1196170 Vehicle Funding Limited - 2075463
Directors	Nigel P Smith (Chairman) Anthony S Radisich Timothy I M Storey Rudi Kats (Resigned 25 January 2011)
Auditors	Grant Thornton New Zealand Audit Partnership PO Box 1961 Shortland Street Auckland 1140
Bankers	Westpac Bank Limited Otahuhu, Auckland
Shareholder	Anthony S Radisich
Trustees	Trustees Executors Limited Level 12 45 Queen Street Auckland 1010
Consulting Actuary	Davies Financial and Actuarial Limited P O Box 35-258 Browns Bay Auckland 0753
Tax Accountants	nsaTax Limited P O Box 3697 Auckland 1140
Solicitors	Bell Gully PO Box 1291 Wellington 6140

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CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Directors are responsible for the maintenance of adequate accounting records and the preparation and integrity of the consolidated financial statements and related information. The independent external auditor, Grant Thornton, has audited the financial statements and their report is attached.

The Directors are also responsible for the systems of internal control and risk management. These are designed to provide reasonable but not absolute, assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability for assets, and to prevent and detect material misstatements. Appropriate systems of internal control have been employed to ensure that all transactions have been executed in accordance with authority and correctly processed and accounted for in the financial statements. The systems are implemented and monitored by suitably trained personnel with an appropriate segregation of authority and duties. Nothing has come to the attention of the Directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year ended 31 March 2011.

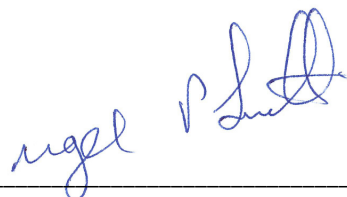
The financial statements are prepared on a going concern basis. Nothing has come to the attention of the Directors to indicate that the Company and its subsidiaries ("Charging Group") will not remain a going concern in the foreseeable future.

In the opinion of the Directors:

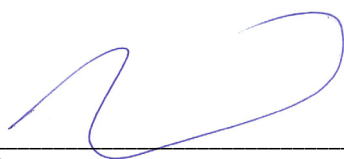
- the Consolidated Statement of Comprehensive Income is drawn up so as to give a true and fair view of the results of operations of the Charging Group for the year ended 31 March 2011;
- the Statement of Financial Position is drawn up so as to give a true and fair view of the state of affairs of the Charging Group as at 31 March 2011; and

There are no reasons to believe that the Charging Group will not be able to pay its debts as and when they fall due.

Signed on behalf of the Board by:



Director
5 September 2011



Director

APPENDIX 2

CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2011

Notes	CHARGING GROUP		COMPANY	
	for the year to 31 March 2011 \$	for the year to 31 March 2010 \$	for the year to 31 March 2011	for the year to 31 March 2010
	6,883,652	7,418,281	6,883,564	7,418,183
	(2,245,074)	(2,367,789)	(2,245,074)	(2,372,577)
Net interest income	4,638,578	5,050,492	4,638,490	5,045,606
	680,261	1,155,402	680,261	1,156,032
	(59,641)	(75,654)	(59,641)	(75,654)
Net fee and commission income	620,620	1,079,748	620,620	1,080,378
	1,688,474	2,537,764	-	-
	(1,177,984)	(999,868)	-	-
Net insurance income	510,490	1,537,896	-	-
	311,216	326,712	198,429	269,194
Other operating income	311,216	326,712	198,429	269,194
Total operating income	6,080,904	7,994,848	5,457,539	6,395,178
	(1,893,159)	(2,047,196)	(1,349,247)	(1,578,662)
	2,675,472	(6,353,757)	2,675,472	(6,353,757)
	(271,465)	(332,378)	(202,765)	(263,449)
	(83,973)	(99,402)	(69,654)	(86,765)
	(58,340)	851	(63,802)	87
	(230,702)	(235,943)	(184,202)	(149,883)
	(102,375)	(101,250)	(102,375)	(101,250)
	(1,607,889)	(1,465,874)	(803,289)	(950,796)
Total expenses	(1,572,431)	(10,634,949)	(99,862)	(9,484,475)
Profit/(Loss) before income tax	4,508,473	(2,640,101)	5,357,677	(3,089,297)
	(1,923,110)	789,569	(2,263,016)	925,092
Profit/(Loss) for the period attributable to the shareholder	2,585,363	(1,850,532)	3,094,661	(2,164,205)
	-	-	-	-
Total Comprehensive Income for the period attributable to the shareholder	2,585,363	(1,850,532)	3,094,661	(2,164,205)

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CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2011

	Share Capital (Note 21) \$	Retained earnings \$	Total Equity \$
GROUP:			
Balance at 1 April 2009	14,000,000	2,931,128	16,931,128
Profit/(Loss) for the year	-	(1,850,532)	(1,850,532)
Total Comprehensive Income for the year ended 31 March 2010	-	(1,850,532)	(1,850,532)
Balance at 31 March 2010	14,000,000	1,080,596	15,080,596
Balance at 1 April 2010	14,000,000	1,080,596	15,080,596
Profit/(Loss) for the period	-	2,585,363	2,585,363
Total Comprehensive Income for the year ended 31 March 2011	-	2,585,363	2,585,363
Balance at 31 March 2011	14,000,000	3,665,959	17,665,959
COMPANY:			
Balance at 1 April 2009	14,000,000	1,309,222	15,309,222
Profit/(Loss) for the year	-	(2,164,205)	(2,164,205)
Total Comprehensive Income for the year ended 31 March 2010	-	(2,164,205)	(2,164,205)
Balance at 31 March 2010	14,000,000	(854,983)	13,145,017
Balance at 1 April 2010	14,000,000	(854,983)	13,145,017
Profit/(Loss) for the period	-	3,094,661	3,094,661
Total Comprehensive Income for the year ended 31 March 2011	-	3,094,661	3,094,661
Balance at 31 March 2011	14,000,000	2,239,678	16,239,678

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CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

As at 31 March 2011

	Notes	CHARGING GROUP		COMPANY	
		as at 31 March 2011 \$	as at 31 March 2010 \$	as at 31 March 2011 \$	as at 31 March 2010 \$
ASSETS					
Cash and cash equivalents	12	528,504	1,245,160	497,847	1,238,410
Net finance contract receivables	13	26,314,957	23,427,794	26,314,957	23,427,794
Loans to related parties	26	-	-	51,123	13,637
Held to maturity financial assets	16	510,000	510,000	-	-
Other assets	14	1,037,962	507,551	262,597	49,768
Plant and equipment	17	163,449	303,160	139,590	263,106
Deferred acquisition costs	16	368,967	723,321	-	-
Goodwill	15	7,416,751	7,416,751	-	-
Investment in subsidiaries	20	-	-	9,300,000	9,300,000
Deferred tax asset	11	1,517,914	3,639,016	1,517,914	3,584,784
Total assets		37,858,504	37,772,753	38,084,028	37,877,499
Liabilities					
Payables	19	620,931	694,658	345,606	561,107
Current tax liabilities		(370,817)	559,226	(188,151)	(1,580)
Provision for insurance claims	3 & 16	155,810	169,000	-	-
Interest bearing financial liabilities	23	12,575,896	15,038,259	12,575,896	15,038,259
Loans from related parties	23	6,059,778	5,200,000	9,110,999	9,134,696
Insurance premiums in advance	16	1,150,947	1,031,014	-	-
Total liabilities		20,192,545	22,692,157	21,844,350	24,732,482
NET ASSETS		17,665,959	15,080,596	16,239,678	13,145,017
EQUITY					
Share capital	21	14,000,000	14,000,000	14,000,000	14,000,000
Retained earnings	21	3,665,959	1,080,596	2,239,678	(854,983)
TOTAL EQUITY		17,665,959	15,080,596	16,239,678	13,145,017

APPENDIX 2

CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF CASH FLOW

For the year ended 31 March 2011

	Notes	CHARGING GROUP		COMPANY	
		for the year to	for the year to	for the year to	for the year to
		31 March 2011	31 March 2010	31 March 2011	31 March 2010
		\$	\$	\$	\$
Cash flow from operating activities					
Receipts from customers (Fee, Insurance and Other Income)		2,269,471	2,868,572	665,859	1,397,765
Interest received		3,955,232	5,785,045	3,955,144	5,784,946
Payments to suppliers and employees		(5,075,778)	(4,871,107)	(2,917,018)	(3,030,795)
Interest paid		(2,245,074)	(2,367,789)	(2,245,074)	(2,372,577)
Tax paid		(732,050)	(1,108,648)	(382,717)	(844,513)
Net movement in financial receivables		2,716,729	(2,169,844)	2,716,729	(2,169,844)
Net cash (outflow)/inflow from operating activities	22	888,530	(1,863,771)	1,792,922	(1,235,018)
Cash flows from investing activities					
Sale of Plant & equipment		-	11,039	-	150
Purchase of Plant & equipment		(2,601)	(158,058)	(9,939)	(101,092)
Net Cash (outflow)/inflow generated by investing activities		(2,601)	(147,019)	(9,939)	(100,942)
Cash flows from financing activities					
Net movement in Debentures		(2,462,363)	(123,269)	(2,462,364)	(123,269)
Proceeds/(Payment) of loans from related parties		859,778	(65,494)	(61,182)	(735,930)
Net cash (outflow)/inflow from financing activities		(1,602,585)	(188,763)	(2,523,546)	(859,199)
Net increase/(decrease) in cash and cash equivalents		(716,656)	(2,199,553)	(740,563)	(2,195,159)
Cash and cash equivalents at beginning of period		1,245,160	3,444,713	1,238,410	3,433,569
Cash and cash equivalents at end of period	12	528,504	1,245,160	497,847	1,238,410

APPENDIX 2

CONSOLIDATED FINANCIAL STATEMENTS

BROADLANDS FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

1. REPORTING ENTITY

The consolidated financial statements are for the Charging Group comprising ultimate parent company Broadlands Finance Limited (the "Company"), and subsidiaries Beneficial Insurance Limited and Vehicle Funding Limited (the "Charging Group").

The Company and the Charging Group are profit oriented entities. The Charging Group provides financial and insurance services in New Zealand. The Company is a limited liability company incorporated and domiciled in New Zealand, and registered under the Companies Act 1993. The Company is a reporting entity for the purposes of the Financial Reporting Act 1993 and its financial statements comply with that Act. The Company is also an issuer in terms of the Securities Act 1978.

These financial statements on pages 5 to 49 were approved for issue by the Board of Directors on 30 June 2011. The Company has the power to amend and reissue financial statements.

STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared in accordance with New Zealand generally accepted accounting practice ("NZ GAAP"). They comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS"), and other interpretations as appropriate to profit-oriented entities. The financial statements also comply with International Financial Reporting Standards (IFRS).

The financial statements are for the years ended 31 March 2011 and 31 March 2010.

These financial statements have been prepared under the historical cost convention.

The financial statements are presented in New Zealand Dollars ("NZD"), which is the functional currency presentation of the Company and the Charging Group. The amounts in the financial statements have been rounded off to the nearest dollar.

The Company is involved in Consumer Finance, Vehicle Finance, Business Finance, and Property Finance. Its subsidiaries were involved in insurance by way of Consumer Credit Indemnity ("CCI"), Guaranteed Finance Protection ("GFP") and pet insurance and wholesale funding to selected New Zealand motor vehicle dealers.

The preparation of the financial statements in conformity with NZ IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company and Charging Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been applied consistently to all periods presented, unless otherwise stated.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements incorporate the assets and liabilities of the Company and its charging subsidiaries as at 31 March 2011. The Company and its subsidiaries together are referred to in these financial statements as the Charging Group.

APPENDIX 2

CONSOLIDATED FINANCIAL STATEMENTS

BROADLANDS FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

Charging subsidiaries are all entities over which the Company has the power to govern the financial and operating policies.

Charging subsidiaries are fully consolidated from the date on which control is transferred to the Company. For the Charging Group, intercompany transactions, balances and unrealised gains on transactions between Charging Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of both the subsidiaries are consistent with the policies adopted by the Company.

OPERATING SEGMENTS

The Charging Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (the chief operating decision maker) in assessing performance and in determining the allocation of resources.

The operating segments are identified by the Board of Directors based on the manner in which the services are managed, whether financial services or insurance. Discrete financial information about each of these operating businesses is reported to the Board of Directors on a regular basis.

The reportable segments are based on aggregated operating segments determined by the similarity of the services provided, as these are the sources of the Charging Group's major risks and have the most effect on the rates of return.

Types of Services

(i) Broadlands Finance - Financial Services

Broadlands Finance Limited ("Broadlands" or "the Company") has specialised in providing hire purchase finance, personal loans and property finance to customers who fall outside the lending criteria of the banks and other major lending institutions. Its principal activities involve the provision of finance for the purchase of consumer goods and motor vehicles in the upper half of the North Island, and a small amount of commercial and property mortgage finance.

(ii) Beneficial Insurance – Insurance products

Beneficial Insurance Limited ("BIL") provides consumer credit indemnity cover to limit the Company's' exposure to the redundancy, sickness, injury or death of its clients. Premiums are included by Broadlands in the loans to its clients. BIL also provides insurance for veterinarian expenses in respect of family pets as part of its Pet-n-Sur product. BIL has been carrying on its activities since its incorporation in March 2002.

(iii) Vehicle Funding – Wholesale funding and vehicle trading

Vehicle Funding Limited is a registered vehicle trader and provides funding to motor vehicle importers.

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CONSOLIDATED FINANCIAL STATEMENTS

BROADLANDS FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

INTEREST INCOME AND EXPENSE

Interest income and expenses are recognised in the Statement of Comprehensive Income for all financial assets and financial liabilities measured at amortised cost using the effective interest method. The effective interest method allocates the interest income or expense over the life of the contract, or when appropriate, a shorter period using the effective interest rate.

The effective interest rate is the discount rate at which the present value of the future cash flows equals the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate the Charging Group estimates the future cash flows considering all the contractual terms of the contract but does not include future credit losses. The calculation of the effective interest rate includes all fees, transaction costs and all other premiums or discounts that are an integral part of the effective interest rate.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss, being the original effective rate on the contract.

DIVIDEND AND FEE INCOME

Dividend income is recognised in the Statement of Comprehensive Income when the shareholder's right to receive payment is established.

Yield related fees for finance receivables are accrued to income over the term of the loan using the effective interest method. Fees not included in the effective interest calculation are recognised on an accrual basis when the service has been provided.

INCOME FROM INSURANCE AND INDEMNITY CONTRACTS

Income from insurance and indemnity contracts comprises amounts charged to the policyholders or insurers, excluding taxes collected on behalf of third parties. The earned portion of premiums received and receivable is recognised as revenue. Premium is earned from the date of attachment of risk over the indemnity period or period of the contract in accordance with the pattern of the incidence of risk expected under the policy.

The receivables book is analysed periodically and progressively and is amortised into loans and receivables which are carried at amortised cost.

INCOME TAX

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the profit or loss except to the extent that it relates to items recognised directly in other comprehensive income, in which case it is recognised in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. An exception is made for certain temporary differences arising from the initial recognition of an asset or liability. No deferred tax asset or liability is recognised in relation to these

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temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or loss or taxable profit or loss.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

GOODS AND SERVICES TAX

The financial statements have been prepared so that all components are stated exclusive of GST except where the GST is not recoverable from the Inland Revenue Department ("IRD"). In these circumstances the GST component is recognised as part of the underlying item. Trade and other receivables and payables are stated GST inclusive. The net amount of GST recoverable from or payable to the IRD is included within these categories. All amounts are shown inclusive of Goods and Services Tax ("GST").

Tax paid in the cash flow statement includes GST.

LEASES

Leases in terms of which a significant portion of the risks and benefits of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives from the lessor) are charged to the Statement of Comprehensive Income on a straight-line basis over the period of the lease.

Leases that transfer to the Charging Group substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred, are classified as finance leases. At the commencement of the lease term, the Charging Group recognises finance leases as assets and liabilities in the Statement of Financial Position at the lower of the fair value of the leased item or the present value of the minimum lease payments. The finance expense is charged to the Statement of Comprehensive Income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

IMPAIRMENT OF NON-FINANCIAL ASSETS

The carrying amounts of the Charging Group's non-financial assets, other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. The recoverable amount of goodwill is estimated at each reporting date.

An impairment loss is recognised for the amount by which the asset or its cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount of an asset is the higher of its fair value less costs to sell and value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash generating unit.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating unit). Impairment losses are recognised in the Statement of Comprehensive Income. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a *pro rata* basis.

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An impairment loss in respect of goodwill is not reversed. Other impairment losses are reversed when there is a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

INVESTMENT IN SUBSIDIARIES

In the Company's separate financial statements, investment in subsidiaries is stated at cost less any impairment losses.

CASH AND CASH EQUIVALENTS

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand, deposits held at call with banks and other short term and highly liquid investments with original maturities of three months or less. The net movements in finance contract receivables and secured debentures are disclosed for the purposes of the cash flow statement.

FINANCIAL ASSETS

Financial assets of the Company are classified as loans and receivables as the loan book of the Company was not acquired for the purpose of selling or as held to maturity financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its investments at initial recognition.

Loans and receivables

Loans and receivables are initially measured at fair value plus directly attributable transaction costs. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when money, goods or services are provided directly to a debtor with no intention of trading the receivable. Loans and receivables are included in receivables in the Statement of Financial Position and are measured at amortised cost, using the effective interest method, less impairment losses.

Held to Maturity Financial Assets

The held to maturity financial asset is New Zealand Government Stock which is carried at amortised cost because there is no intention to sell this asset in the foreseeable future. The Charging Group intends to realise this investment through future cash flows comprising interest payments and redemption/roll-over of the principal at its contractual maturity date.

ASSET QUALITY DEFINITIONS

Loans are assessed for quality periodically. When the quality of a loan is classified as Past Due or Impaired, it is the entire balance of that loan that is classified as such, not just the Past Due or Impaired portion.

Past Due Assets

Past Due assets are those loans and advances receivable on which payment of principal or interest is contractually past due 1 day or more.

90 day past due assets

An asset is 90 days past due when it has not been operated by the counterparty within its key terms for at least 90 days and which is not a restructured asset, other individually impaired asset, or a financial asset acquired through enforcement of security.

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Impaired Assets

The Charging Group classifies impaired assets into one of three categories:

Restructured assets

Restructured assets are those loans and advances where:

- the original terms have been changed to grant the counterparty a concession that would not otherwise have been available, due to the counterparty's difficulties in complying with the original terms; and
- the revised terms of the facility are not comparable with the terms of the new facilities with comparable risks; and
- the yield on the asset following restructuring is equal to, or greater than, the Charging Group's average cost of funds, or that a loss is not otherwise expected to be incurred.

Financial Assets acquired through enforcement of security

Financial assets acquired through the enforcement of security are any financial assets which are legally owned as a result of the enforcement of security.

The Charging Group had no financial assets acquired through the enforcement of security as at 31 March 2011 (March 2010: NIL).

Other Impaired Assets

Other impaired assets are financial assets that are individually determined to be impaired at reporting date, but that are not classified as restructured assets or financial assets acquired through the enforcement of security.

IMPAIRMENT

Impairment of Loans and Advances

Losses for impaired loans are recognised immediately when there is objective evidence that impairment of a loan or portfolio of loans has occurred. Impairment losses are calculated on individual loans and loans assessed collectively. Losses expected from future events no matter how likely, are not recognised.

Individually assessed loans

At each balance date, the Charging Group assesses on a case by case basis whether there is any objective evidence that a loan is impaired. This procedure is applied to all customer accounts that are considered individually significant. In determining individual impairment allowances on these loans, many factors are considered, including the following:

- Current security values
- Solvency of the borrower and guarantor
- Payment history on the account

Impairment losses are calculated by discounting the expected future cash flows of a loan at its original effective interest rate, and comparing the resultant present value with the loans current carrying amount. Any loss is charged in the Statement of Comprehensive Income. The carrying amount of impaired loans on the Statement of Financial Position is reduced through use of an allowance account.

Collectively assessed loans

Loans that have been individually assessed but no objective evidence of impairment existed, and loans that are not considered individually significant, are pooled into similar credit risk groups. These groups are then assessed for impairment based on historical loss experience of assets with similar risk characteristics. The historical loss experience is adjusted for the impact of current observable data.

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Loan write offs

Loans are normally written off, either in part or in full, when there is no realistic prospect of recovery of these amounts in a timely manner.

PLANT AND EQUIPMENT

Plant and equipment are stated at historical cost less accumulated depreciation and any impairment losses. Historical Cost includes the purchase price and directly attributable costs of bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended. Where material parts of an item of plant and equipment have different useful lives, they are accounted for as separate items of property and equipment. The assets' residual values, depreciation methods and useful lives are reviewed and adjusted as appropriate at each reporting date.

Subsequent costs are added to the carrying amount of an item of plant and equipment or recognised as a separate asset, as appropriate, when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Charging Group and the cost of the item can be measured reliably. All other costs are recognised in the Statement of Comprehensive Income as an expense as incurred.

Gains or losses arising on the disposal of plant and equipment are determined as the difference between sales proceeds and carrying amount of the asset and are recognised in the Statement of Comprehensive Income.

The Charging Group distinguishes finance leases, which effectively transfer substantially all the risks and benefits incidental to ownership of the leased asset from the lessor to the lessee, from operating leases, under which the lessor effectively retains all such risks and benefits. Where the Charging Group acquires non-current assets by using a finance lease, the present value of future minimum lease payments is disclosed as equipment under finance lease at the beginning of the lease term. Capitalised lease payments are amortised on a diminishing value basis over the term of the lease. A corresponding liability is also established and each lease payment is allocated between the liability and finance charges.

Depreciation

Depreciation is calculated using the diminishing value method to allocate the cost of assets over their estimated useful lives, for the current and prior period as follows:

Motor Vehicles	36.0%
Furniture & Fittings	9.6% - 39.6%
Office Equipment	9.0% - 80.4%
Leasehold Improvements	11.0 - 21.6%
Leased Assets	36.0 - 50.0%

INTANGIBLE ASSETS

Goodwill is measured at cost less accumulated impairment losses.

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INSURANCE

Acquisition Costs

Acquisition costs incurred in obtaining insurance contracts are deferred and recognised as assets where they can be reliably measured and where it is probable that they will give rise to revenue that will be recognised in the Statement of Comprehensive Income in subsequent reporting periods.

Deferred acquisition costs are amortised systematically in accordance with the expected pattern of the incidence of risk under the insurance contracts to which they relate. This pattern of amortisation corresponds to the earning pattern of the corresponding premium revenue.

Unearned Premium

Unearned premium is calculated based on the term of the risk which closely approximates the pattern of risks underwritten.

At each reporting date, the adequacy of the unearned premium liability is assessed on a net of reinsurance basis against the present value of the expected future cash flows relating to potential future claims in respect of the relevant insurance contracts, plus an additional risk margin to reflect the inherent uncertainty of the central estimate. The assessment is carried out on each portfolio of contracts that are broadly similar and managed together as a single portfolio. If the unearned premium liability, less related intangible assets and deferred acquisition costs, is deficient, then the resulting deficiency is recognized in the Statement of Comprehensive Income of the Charging Group.

Outstanding Claims Liability

The liability for outstanding claims is measured as the central estimate of the present value of expected future claims payments plus a risk margin. The expected future payments include those in relation to claims reported but not yet paid, claims incurred but not reported ("IBNR"), claims incurred but not enough reported ("IBNER"), and estimated claims handling costs.

A risk margin is applied to the central estimate, net of reinsurance and other recoveries, to reflect the inherent uncertainty in the central estimate. This risk margin increases the probability that the net liability is adequate to a minimum of 85 per cent.

FINANCIAL LIABILITIES

Trade and Other Payables

Trade and other payables are stated at amortised cost and using the effective interest rate method.

Interest Bearing Borrowings

Interest bearing borrowings are recognised initially at fair value plus directly attributable transaction costs and subsequently at amortised cost using the effective interest method.

EMPLOYEE BENEFITS

Wages and salaries, annual leave and sick leave

Liabilities for wages, salaries and annual leave accruing to employees and expected to be settled within twelve months of the reporting date are recognised and measured at the amounts expected to be paid when the liabilities are settled on an undiscounted basis. The cost of sick leave is expensed in the period in which it occurs.

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PROVISIONS

Provisions are recognised when the Company and Charging Group have a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date, using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

CHANGE IN ACCOUNTING POLICIES

There have been no significant changes in accounting policies during the current period. Accounting policies have been applied on a basis consistent with prior periods.

NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS THAT ARE NOT YET EFFECTIVE

The group and company have adopted the following new and amended NZ IFRSs as of 1 April 2009:

NZ IFRS 7 Financial Instruments: Disclosures (effective from 1 July 2011)

This standard incorporates many of the disclosure requirements previously in NZ IAS 32 Financial Instruments: Presentation. The standard applies to risks arising from all financial instruments. The standard requires disclosure of:

- a) The significance of financial instruments for an entity's financial position and performance.
- b) Qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk. The qualitative disclosures describe management's objectives, policies and processes for managing those risks. The quantitative disclosures provide information about the extent to which the entity is exposed to risk, based on information provided internally to the entity's key management personnel. Together, these disclosures provide an overview of the entity's use of financial instruments and the exposures to risks they create.

The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy.

Management is still assessing the impact of this standard on the charging group.

NZ IFRS 8: Operating Segments - NZ IFRS 8 replaces NZ IAS 14: Segment Reporting

It requires a "management approach" under which segment information is presented on the same basis as that used for internal reporting purposes. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the Board of Directors. Comparatives for 2010 have been restated. Furthermore, the Group has early adopted the amendment to NZ IFRS 8 (effective 1 January 2010) that clarifies that entities only need to disclose information about segment assets if that information is regularly reviewed by the chief operating decision maker."

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the group and company:

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NZ IFRS 9 Financial Instruments (effective from 1 January 2013).

This standard is part of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement. The standard applies to financial assets, their classification and measurement. All financial assets are required to be classified on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Financial assets are initially recorded at fair value plus, in the case of a financial asset not at fair value through profit or loss, particular transaction costs and measured at amortised cost or fair value. Management is still assessing the impact of this standard on the Charging Group.

Annual Improvements 2010

The Accounting Standards review Board has issued improvements for International Financial Reporting Standards 2010. Most of these amendments become effective in annual periods beginning on or after 1 January 2011. These amendments are not expected to have a significant impact on the Group's financial statements.

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3. PROVISION FOR INSURANCE CLAIMS

	CHARGING GROUP		COMPANY	
	for the year to 31 March 2011	for the year to 31 March 2010	for the year to 31 March 2011	For the year to 31 March 2010
Brought forward balances	169,000	128,000	-	-
Additional claims provision	-	41,000	-	-
Utilisation	(13,190)	-	-	-
As at period end	155,810	169,000	-	-

The undiscounted provision for insurance claims was calculated on 10 June 2011 by Peter Davies, an actuary who is a fully accredited member of the New Zealand Society of Actuaries. His reports on the liabilities required to be taken up at all the reporting dates above were unqualified because he was satisfied with the nature, sufficiency and accuracy of the data supplied to him. The provisions for insurance claims have been derived based on the following assumptions:

For the pet insurance business, the claim administration allowance is estimated to be 15% (2010: 15%) of outstanding claims. A loss ratio of 50% (2010: 53%) is used based on the pet insurance products available in New Zealand. A 10% (2010: 10%) risk margin is maintained so as to achieve a 75% likelihood of sufficiency.

For the CCI and GFP insurance business, the claim administration allowance is estimated to be 15% (2010: 15%) of outstanding claims. A loss ratio is estimated to be 1.8% (2010: 11%) based on historical financial performance of products. A 50% (2010: 50%) risk margin is maintained so as to achieve a 75% likelihood of sufficiency.

Note 9 Provides details of claims paid out during the period. Also refer to Note 16.

As at the reporting date, there was no requirement for BIL to have a credit rating. For the purpose of financial soundness the company has Government Stock of \$510,000 as required by the Insurance Companies' Deposit Act 1953.

4. FINANCIAL RISK MANAGEMENT

The principal financial risks faced by the Charging Group and Company are credit risk, liquidity risk and interest rate risk, which are described in the remainder of this note. Since all the Charging Group and Company's activities are conducted in New Zealand and denominated in NZ Dollars, there is no exposure to currency risk.

This note presents information about the Charging Group and Company's exposure to each of the above risks, the Charging Group and Company's objectives, policies and processes for measuring and managing risk, and the Charging Group and Company's management of capital.

Risk Management Programme

The Board of Directors has overall responsibility for the establishment, oversight and on-going compliance of the Charging Group and Company's risk management programme. The Company's Risk Management Programme has been approved by the Trustee. The Charging Group and Company's risk management policies are established to identify and analyse the risks faced by the Charging Group and Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The risk management policies also minimise any potential adverse effects of the risks it faces on financial performance. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products, services offered and emerging best practice.

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(a) Interest Rate Risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Charging Group and Company are exposed to the effects of fluctuations in the prevailing levels of market interest rates on its cash flow risks relating to its financial instruments.

The Charging Group and Company manage interest rate risk in a number of ways as follows:

(i) Interest rate risk management process

The management team reviews market interest rates being charged and adjusts its own rates accordingly for both Debentures and Loan Receivables in order to maintain expected internal rates of return. Where rates become unfavourable management seeks to reduce levels of debt.

(ii) Concentrations of interest rate exposure and maturities

Management endeavour to match the Charging Group and Company's term of borrowings against the profile of maturing assets. Where shortfalls are identified they are met from existing lines of credit. Borrowings issued at variable rates expose the Charging Group and Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Charging Group and Company to fair value interest rate risk.

The table below summarises the Charging Group and Company's exposure to interest rate risks. It includes the Charging Group and Company's financial instruments at carrying amounts, categorised by the earlier of their contractual re-pricing or maturity dates. Instalments overdue are based on expected payment dates. Further to this, it summarises the maturity profiles of the assets and liabilities in question.

Interest Rate Gap

31/03/2011 – The Charging Group

	Weighted average effective int. rate	\$ Instalments overdue/ On Call	\$ 0 to 6 months	\$ 7 to 12 months	\$ 13 to 24 months	\$ 25 to 60 months	\$ Over 60 months	\$ Total
Financial assets								
Cash and cash equivalents	2.14%	528,504	-	-	-	-	-	528,504
Receivables:								
- Finance receivables (per note 13)	19.67%	15,753,335	3,255,137	949,875	1,225,350	2,150,466	2,980,793	26,314,956
Government Stock	6.00%	-	-	510,000	-	-	-	510,000
		16,281,839	3,255,137	1,459,875	1,225,350	2,150,466	2,980,793	27,353,460
Financial liabilities								
Interest bearing liabilities								
-Debentures (On Call)	2.50%	57,450	-	-	-	-	-	57,450
-Debentures (Fixed Term)	8.90%	-	7,137,996	1,638,463	2,936,191	805,796	-	12,518,446
Loans from related parties	15%	-	-	-	1,050,000	3,100,000	1,050,000	5,200,000
Loans from related parties	0%	309,878	-	-	-	549,900	-	859,778
		367,328	7,137,996	1,638,463	3,986,191	4,455,696	1,050,000	18,635,674
Effective interest rate re-pricing		15,914,511	(178,588)			(2,305,230)		8,717,786

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gap	(3,882,859)	(2,760,841)	1,930,793
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31/03/2010 – The Charging Group

	Weighted average effective int. rate	Instalments overdue/ On Call	0 to 6 months	7 to 12 months	13 to 24 months	25 to 60 months	Over 60 months	Total
Financial assets								
Cash and cash equivalents	3.29%	1,245,160	-	-	-	-	-	1,245,160
Receivables:								
- Finance receivables (per note 13)	21.51%	9,766,691	3,268,801	1,574,513	5,266,233	2,784,285	767,271	23,427,794
Government Stock	6.00%	-	-	-	510,000	-	-	510,000
		11,011,851	3,268,801	1,574,513	5,776,233	2,784,285	767,271	25,182,954
Financial liabilities								
Interest bearing liabilities								
-Debentures (On Call)	2.50%	94,788	-	-	-	-	-	94,788
-Debentures (Fixed Term)	8.34%	-	7,434,748	3,252,744	2,351,278	1,904,701	-	14,943,471
Loans from related parties	15.00%	-	-	-	1,050,000	2,100,000	2,050,000	5,200,000
		94,788	7,434,748	3,252,744	3,401,278	4,004,701	2,050,000	20,238,259
Effective interest rate re-pricing gap		10,917,063	(4,165,947)	(1,678,231)	2,374,955	(1,220,416)	(1,282,729)	4,944,695

31/03/2011 – The Company

	Weighted average effective int. rate	Instalments overdue/ On Call	0 to 6 months	7 to 12 months	13 to 24 months	25 to 60 months	Over 60 months	Total
Financial assets								
Cash and cash equivalents	2.26%	497,847	-	-	-	-	-	497,847
Receivables:								
- Finance receivables (per note 13)	19.67%	15,753,335	3,255,137	949,875	1,225,350	2,150,466	2,980,793	26,314,956
		16,251,182	3,255,137	949,875	1,225,350	2,150,466	2,980,793	26,812,803
Financial liabilities								
Interest bearing liabilities								
-Debentures (On Call)	2.50%	57,450	-	-	-	-	-	57,450
-Debentures (Fixed Term)	8.90%	-	7,137,996	1,638,463	2,936,191	805,796	-	12,518,446
Loans from related parties	15.0%	-	-	-	1,050,000	3,100,000	1,050,000	5,200,000
Loans from related parties	0%	309,878	-	-	-	549,900	-	859,778
		367,328	7,137,996	1,638,463	3,986,191	4,455,696	1,050,000	18,635,674
Effective interest rate re-pricing gap		15,883,854	(3,882,859)	(688,588)	(2,760,841)	(2,305,230)	1,930,793	8,177,129

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31/03/2010 – The Company		\$	\$	\$	\$	\$	\$	\$
	Weighted average effective int. rate	Instalments overdue/ On Call	0 to 6 months	7 to 12 months	13 to 24 months	25 to 60 months	Over 60 months	Total
Financial assets								
Cash and cash equivalents	3.31%	1,238,410	-	-	-	-	-	1,238,410
Receivables:								
- Finance receivables (per note 13)	21.51%	9,766,691	3,268,801	1,574,513	5,266,233	2,784,285	767,271	23,427,794
		11,005,101	3,268,801	1,574,513	5,266,233	2,784,285	767,271	24,666,204
Financial liabilities								
Interest bearing liabilities								
-Debentures (On Call)	2.50%	94,788	-	-	-	-	-	94,788
-Debentures (Fixed Term)	8.34%	-	7,434,748	3,252,744	2,351,278	1,904,701	-	14,943,471
Loans from related parties	15.00%	-	-	-	1,050,000	2,100,000	2,050,000	5,200,000
		94,788	7,434,748	3,252,744	3,401,278	4,004,701	2,050,000	20,238,259
Effective interest rate re-pricing gap		10,910,313	(4,165,947)	(1,678,231)	1,864,955	(1,220,416)	(1,282,729)	4,427,945

(iii) Interest rate sensitivity analysis

The interest bearing financial assets and financial liabilities of the Charging Group are not subject to interest rate changes and alterations as they are contractually fixed. An exception to this is the cash that is held on call. As all significant interest rates are fixed, no sensitivity analysis has been prepared, as fluctuations are not expected to impact the Statement of Comprehensive Income of the Charging Group and Company. See above for interest rates.

(b) Liquidity Risk

Liquidity risk is the risk that the Charging Group and Company will encounter difficulty in meeting payment obligations associated with its financial liabilities when they fall due. It includes the risk that the Charging Group and Company may have insufficient liquid funds, or may not be able to raise sufficient funds at short notice, to meet its payment obligations associated with financial liabilities when they fall due. This situation can arise if there is a significant mismatch of its financial assets and financial liabilities.

(i) Liquidity risk management process

The Charging Group and Company manages liquidity risk in a number of ways as follows:

- The management team reviews cash flow forecast information in order to ensure contractual cash outflows can be met from current resources, facilities and expected cash inflows. This is done on a daily basis. These forecasts are reviewed and approved by the Board who has put in place loan and other facilities to address any potential liquidity gap. Refer to the contractual and expected cash flows in note 4 (c) (iii).
- The Charging Group and Company has the following funding from a related party Timberton Investments Limited ("Timberton"), a company wholly owned by Anthony Radisich the sole shareholder of Broadlands Finance Limited; a \$6,059,778 loan and \$5,911,379 in debentures. The loan is unsecured and the debentures rank equally in regard to maturity with other debenture holders. In order to manage liquidity the \$6,059,778 loan has been split into 5 loans with staggered maturity dates. Refer to note 26 for details. The Directors do not guarantee the Debenture Stock.
- The Charging Group also relies on financial support from shareholder Anthony Radisich for the foreseeable 12 months from the date of issue of these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

- The intercompany loan between the Company and its subsidiary, Beneficial Insurance Limited, has been subordinated.

(ii) Concentrations of liquidity exposure

Sources of liquidity are regularly reviewed by management to maintain an appropriate diversification by provider, product and term. The Charging Group's sources of funds are equity, related party borrowings and secured debenture stocks. Refer to note 4 (c) (iii) for maturity profile.

The table below details the debenture funding split by geographic region:

	CHARGING GROUP		COMPANY	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
Auckland	73%	55%	73%	55%
Waikato/Bay of Plenty	9%	14%	9%	14%
Rest of New Zealand and International	18%	31%	18%	31%
	100%	100%	100%	100%

NEW ZEALAND DEPOSIT GUARANTEE SCHEME

Broadlands had a guarantee (the "Guarantee") under the New Zealand deposit guarantee scheme. In broad terms, this means that the Crown guaranteed the payment of principal and interest on the Debenture Stock (up to \$1 million for each eligible investor) if Broadlands was not, for any reason, able to pay those amounts. The Guarantee for Broadlands expired on 12 October 2010; from this date no debentures in issue are guaranteed by the Crown.

Further information about the New Zealand deposit guarantee scheme is available, free of charge and at all reasonable times, on the Internet site maintained by, or on behalf of, the Treasury (being www.treasury.govt.nz). In addition, the most recent audited statement of financial position of the Crown is available, free of charge, and at all reasonable times, on the internet site maintained by, or on behalf of, the Treasury.

(c) Credit Risk

Credit risk is the risk of financial loss to the Charging Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Charging Group's loans and advances to customers.

(i) Credit risk management process

The Charging Group manages credit risk in a number of ways as follows:

In the normal course of business, the Charging Group and Company are exposed to credit risk from finance contract receivables. Security for such receivables is generally the motor vehicles, property or other assets acquired with the proceeds of the loan. Security interests over motor vehicles and other assets are registered on the Personal Property Securities Register. Security interests over the real property are generally registered as mortgages under the Land Transfer Act 1952. Every application for loans is subject to a credit verification and approval process. It is impracticable to estimate the fair value of collateral on loans for motor vehicles and consumer goods.

Other financial instruments subject to credit risk include bank balances (cash and cash equivalents). This risk is mitigated through the placement of these funds with Westpac bank which is a registered bank in New Zealand and is rated AA by Standard & Poor's.

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(ii) Concentrations of credit exposure

The Charging Group and Company has provided funding to customers of certain retail outlets. As at 31 March 2011, the total funding provided by the Charging Group to customers of such retail outlets was \$6,657,211 (March 2010: \$7,038,240). These funds were subject to recourse to the retailer in the event of non-payment by the customers.

Of the total finance contract receivables 77% in dollar value are for motor vehicle / personal loans, 3% are for property loans, 11% are for commercial loans and 9% relate to wholesale loans.

The six largest loans comprise 11.71% of the Gross Finance Receivables (March 2010: 12.78%).

Counterparty concentrations of receivables

The Charging Group and Company had no exposure to counterparties (except for the bank) which exceeded 10% of shareholder's equity. However, there are recourse agreements with retailers which represents \$6,657,211 of the gross loans outstanding (March 2010: \$7,038,240). The recourse arrangements are secured by personal guarantees and other assets which have been assigned to the Charging Group during the year ended 31 March 2011. These recourse ledgers represent 15,591 individual loans with an average balance outstanding at 31 March 2011 of \$1,694 for Charging Group and Company.

Economic and industry concentrations of receivables

The Charging Group is exposed to economic and industry sector risk.

	CHARGING GROUP		COMPANY	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
% of Book				
Motor Vehicles/Personal	77%	75%	77%	75%
Property	3%	4%	3%	4%
Commercial/Wholesale	20%	21%	20%	21%
	100%	100%	100%	100%
No of Loans	2689	3742	2689	3742
Average Loan Value	\$11,780	\$9,448	\$11,780	\$9,448

Geographic concentrations of receivables

The table below details the geographic split of receivables:

	CHARGING GROUP		COMPANY	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
Auckland	65%	65%	65%	65%
Waikato/Bay of Plenty	19%	20%	19%	20%
Rest of New Zealand	16%	15%	16%	15%
	100%	100%	100%	100%

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(iii) Contractual Cash Flows before collateral held or other credit enhancements

The table below analyses the Charging Group's financial assets and financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the undiscounted contractual cash flows and differ from the net carrying amounts as reported in the Statement of Financial Position owing to interest to be incurred in subsequent periods, and therefore do not reflect any expected loss rates. Contractual cash flows differ from the expected cash flows and its maturity dates owing to management's estimates of the expected average life of the finance receivables based on historical experience and asset quality of the ledger. These estimates are reviewed and revised where necessary at each financial reporting date.

31/03/2011								
The Charging Group		\$	\$	\$	\$	\$	\$	\$
	Instalments Overdue/ On Call	0 to 6 months	7 to 12 months	13 to 24 months	25 to 60 months	Over 60 months	Total	Carrying Amount
Financial Assets								
Cash and cash equivalents	528,504	-	-	-	-	-	528,504	528,504
Receivables:								
- Finance receivables	21,077,546	4,355,287	1,270,908	1,639,486	2,877,267	3,988,222	35,208,716	26,314,956
Government Stock	-	15,300	513,856	-	-	-	529,156	510,000
Other financial assets	-	1,037,963	-	-	-	-	1,037,963	1,037,963
	21,606,050	5,408,550	1,784,764	1,639,486	2,877,267	3,988,222	37,304,339	28,391,423
Financial Liabilities								
Interest bearing liabilities:								
- Debentures	57,450	7,287,090	1,672,686	2,997,520	822,627	-	12,837,373	12,575,896
Payables	-	620,931	-	-	-	-	620,931	620,931
Loans from related parties	309,878	391,068	388,932	1,761,000	5,004,503	1,141,911	8,997,292	6,059,778
	367,328	8,299,089	2,061,618	4,758,520	5,827,130	1,141,911	22,455,596	19,256,605
Net Contractual Cash Flow Gap	21,238,722	(2,890,539)	(276,854)	(3,119,034)	(2,949,863)	2,846,311	14,848,743	9,134,818
31/03/2010								
The Charging Group		\$	\$	\$	\$	\$	\$	\$
	Instalments Overdue/ On Call	0 to 6 months	7 to 12 months	13 to 24 months	25 to 60 months	Over 60 months	Total	Carrying Amount
Financial Assets								
Cash and cash equivalents	1,245,160	-	-	-	-	-	1,245,160	1,245,160
Receivables:								
- Finance receivables	16,154,799	5,406,829	2,604,356	8,710,722	2,836,991	1,269,120	36,982,817	23,427,794
Government Stock	-	15,300	15,300	540,600	-	-	571,200	510,000
Other financial assets	-	507,551	-	-	-	-	507,551	507,551
	17,399,959	5,929,680	2,619,656	9,251,322	2,836,991	1,269,120	39,306,728	25,690,505
Financial Liabilities								
Interest bearing liabilities:								
- Debentures	94,788	7,982,522	3,492,398	2,524,514	2,045,035	-	16,139,257	15,038,259
Payables	-	694,658	-	-	-	-	694,658	694,658
Loans from related parties	-	390,000	390,000	1,672,500	3,022,500	2,050,000	7,525,000	5,200,000
	94,788	9,067,180	3,882,398	4,197,014	5,067,535	2,050,000	24,358,915	20,932,917
Net Contractual Cash Flow Gap	17,305,171	(3,137,500)	(1,262,742)	5,054,308	(2,230,544)	(780,880)	14,947,813	4,757,588

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31/03/2011

The Company

	\$	\$	\$	\$	\$	\$	\$	\$
	Instalments Overdue/ On Call	0 to 6 months	7 to 12 months	13 to 24 months	25 to 60 months	Over 60 months	Total	Carrying Amount
Financial Assets								
Cash and cash equivalents	497,847	-	-	-	-	-	497,847	497,847
Receivables:								
- Net Finance receivables	21,077,546	4,355,287	1,270,908	1,639,486	2,877,267	3,988,222	35,208,716	26,314,956
- Related party receivables	-	51,123	-	-	-	-	51,123	51,123
Other financial assets	-	262,599	-	-	-	-	262,599	262,599
	21,575,393	4,669,009	1,270,908	1,639,486	2,877,267	3,988,222	36,020,285	27,126,525
Financial Liabilities								
Interest bearing liabilities:								
- Debentures	57,450	7,287,090	1,672,686	2,997,520	822,627	-	12,837,373	12,575,896
Payables	-	345,606	-	-	-	-	345,606	345,606
Loans from related parties	3,361,098	390,000	390,000	1,672,500	4,122,400	1,050,000	10,985,999	9,110,999
	3,418,548	8,022,696	2,062,686	4,670,020	4,945,027	1,050,000	24,168,978	22,032,501
Net Contractual Cash Flow Gap	18,156,845	(3,353,687)	(791,778)	(3,030,534)	(2,067,760)	2,938,222	11,851,307	5,094,024

31/03/2010

The Company

	\$	\$	\$	\$	\$	\$	\$	\$
	Instalments Overdue/ On Call	0 to 6 months	7 to 12 months	13 to 24 months	25 to 60 months	Over 60 months	Total	Carrying Amount
Financial Assets								
Cash and cash equivalents	1,238,410	-	-	-	-	-	1,238,410	1,238,410
Receivables:								
- Net Finance receivables	16,154,799	5,406,829	2,604,356	8,710,722	2,836,991	1,269,120	36,982,817	23,427,794
- Related party receivables	-	13,637	-	-	-	-	13,637	13,637
Other financial assets	-	49,768	-	-	-	-	49,768	49,768
	17,393,209	5,470,234	2,604,356	8,710,722	2,836,991	1,269,120	38,284,632	24,729,609
Financial Liabilities								
Interest bearing liabilities:								
- Debentures	94,788	7,982,522	3,492,398	2,524,514	2,045,035	-	16,139,257	15,038,259
Payables	-	561,106	-	-	-	-	561,106	561,106
Loans from related parties	3,934,696	390,000	390,000	1,672,500	3,022,500	2,050,000	11,459,696	9,134,696
	4,029,484	8,933,628	3,882,398	4,197,014	5,067,535	2,050,000	28,160,059	24,734,061
Net Contractual Cash Flow Gap	13,363,725	(3,463,394)	(1,278,042)	4,513,708	(2,230,544)	(780,880)	10,124,573	(4,452)

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(iv) Expected Cash Flows before collateral held or other credit enhancements

The table below analyses the Charging Group's financial assets and financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the expected maturity date. The amounts disclosed in the table are the undiscounted expected cash flows and differ from the net carrying amounts as reported in the balance sheet owing to interest to be incurred in subsequent periods, and are net of impairment allowances as they reflect projected loss rates.

31/03/2011

The Charging Group	\$	\$	\$	\$	\$	\$	\$	\$
	On Call	0 to 6 months	7 to 12 Months	13 to 24 months	25 to 60 months	Over 60 Months	Total	Carrying Amount
Financial Assets								
Cash and cash equivalents	528,504	-	-	-	-	-	528,504	528,504
Receivables:								
- Finance receivables	-	6,347,450	5,137,323	9,338,084	19,798,198	2,526,990	43,148,045	27,320,199
Government Stock	-	15,300	15,300	513,825	-	-	544,425	510,000
Other financial assets	-	1,037,963	-	-	-	-	1,037,963	1,037,963
	528,504	7,400,713	5,152,623	9,851,909	19,798,198	2,526,990	45,258,937	29,396,666
Financial Liabilities								
Interest bearing liabilities:								
- Debentures	57,450	1,442,389	2,149,797	8,847,520	822,627	-	13,319,783	12,575,896
Payables	-	620,931	-	-	-	-	620,931	620,931
Loans from related parties	309,878	391,068	388,932	1,761,000	5,003,603	1,141,911	8,996,392	6,059,778
	367,328	2,454,388	2,538,729	10,608,520	5,826,230	1,141,911	22,937,106	19,256,605
Net Expected Cash Flow Gap	161,176	4,946,325	2,613,894	(756,611)	13,971,968	1,385,079	22,321,831	10,140,061

31/03/2010

The Charging Group	\$	\$	\$	\$	\$	\$	\$	\$
	On Call	0 to 6 months	7 to 12 Months	13 to 24 months	25 to 60 months	Over 60 Months	Total	Carrying Amount
Financial Assets								
Cash and cash equivalents	1,245,160	-	-	-	-	-	1,245,160	1,245,160
Receivables:								
- Finance receivables	-	8,378,940	6,418,257	12,719,644	19,775,178	5,092,528	52,384,547	23,427,794
Government Stock	-	15,300	15,300	30,600	91,800	540,600	693,600	510,000
Other financial assets	-	507,551	-	-	-	-	507,551	507,551
	1,245,160	8,901,791	6,433,557	12,750,244	19,866,978	5,633,128	54,830,858	25,690,505
Financial Liabilities								
Interest bearing liabilities:								
- Debentures	94,788	7,982,522	3,492,398	2,524,514	2,045,035	-	16,139,257	15,038,259
Payables	-	694,658	-	-	-	-	694,658	694,658
Loans from related parties	-	390,000	390,000	780,000	2,340,000	5,200,000	9,100,000	5,200,000
	94,788	9,067,180	3,882,398	3,304,514	4,385,035	5,200,000	25,933,915	20,932,917
Net Expected Cash Flow Gap	1,150,372	(165,389)	2,551,159	9,445,730	15,481,943	433,128	28,896,943	4,757,588

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31/03/2011

The Company

	\$	\$	\$	\$	\$	\$	\$	\$
	On Call	0 to 6 months	7 to 12 Months	13 to 24 months	25 to 60 months	Over 60 months	Total	Carrying Amount
Financial Assets								
Cash and cash equivalents	497,847	-	-	-	-	-	497,847	497,847
Receivables:								
- Finance receivables	-	6,347,450	5,137,323	9,338,084	19,798,198	2,526,990	43,148,045	26,314,956
- Related party receivables	-	51,123	-	-	-	-	51,123	51,123
Other financial assets	-	262,599	-	-	-	-	262,599	262,599
	497,847	6,661,172	5,137,323	9,338,084	19,798,198	2,526,990	43,959,614	27,126,525
Financial Liabilities								
Interest bearing liabilities:								
- Debentures	57,450	1,442,389	2,149,797	8,847,520	822,627	-	13,319,783	12,575,896
Payables	-	345,606	-	-	-	-	345,606	345,606
Loans from related parties	309,878	391,068	388,932	1,761,000	8,054,824	1,141,911	12,047,613	9,110,999
	367,328	2,179,063	2,538,729	10,608,520	8,877,451	1,141,911	25,713,002	22,032,501
Net Expected Cash Flow Gap	130,519	4,482,109	2,598,594	(1,270,436)	10,920,747	1,385,079	18,246,612	5,094,024

31/03/2010

The Company

	\$	\$	\$	\$	\$	\$	\$	\$
	On Call	0 to 6 months	7 to 12 months	13 to 24 months	25 to 60 months	Over 60 months	Total	Carrying Amount
Financial Assets								
Cash and cash equivalents	1,238,410	-	-	-	-	-	1,238,410	1,238,410
Receivables:								
- Finance receivables	-	8,378,940	6,418,257	12,719,644	19,775,178	5,092,528	52,384,547	23,427,794
- Related party receivables	-	13,637	-	-	-	-	13,637	13,637
Other financial assets	-	49,768	-	-	-	-	49,768	49,768
	1,238,410	8,442,345	6,418,257	12,719,644	19,775,178	5,092,528	53,686,362	24,729,609
Financial Liabilities								
Interest bearing liabilities:								
- Debentures	94,788	7,982,522	3,492,398	2,524,514	2,045,035	-	16,139,257	15,038,259
Payables	-	561,107	-	-	-	-	561,107	561,107
Loans from related parties	-	390,000	390,000	780,000	2,340,000	5,200,000	9,100,000	5,200,000
	94,788	8,933,629	3,882,398	3,304,514	4,385,035	5,200,000	25,800,364	20,799,366
Net Expected Cash Flow Gap	1,143,622	(491,284)	2,535,859	9,415,130	15,390,143	(107,472)	27,885,998	3,930,243

(v) Receivables renegotiated

The carrying amount of receivables that would otherwise be past due or impaired whose terms have been renegotiated at 31 March 2011 was \$1,006,209 (31 March 2010: \$1,467,680).

(vi) Impaired receivables

For details of impaired receivables refer to Note 13.

Fair Value estimation

The fair value of financial liabilities and financial assets is estimated by discounting the future expected cash flows at the current market effective interest rate applicable to the Charging Group for similar instruments. The fair values of the Group's financial assets and liabilities are considered to be approximately their carrying values net of impairments.

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(d) Capital management

The Charging Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholder return is also recognised and the Charging Group recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

	CHARGING GROUP	
	31 March 2011	31 March 2010
	\$	\$
Capital		
Tier one capital		
Share capital	14,000,000	14,000,000
Retained earnings	3,665,959	1,080,596
Total tier one capital	17,665,959	15,080,596
Tier two		
Unsecured Related Party Loan Debt *	6,059,778	5,200,000
Total tier two	6,059,778	5,200,000
Total capital and subordinated unsecured debt	23,725,737	20,280,596
Capital Adequacy Ratios		
Tier one capital expressed as percentage of Total Assets	47%	40%
Total capital and subordinated unsecured debt expressed as percentage of Total Assets	63%	54%

* The unsecured related party loan debt is ranking behind debentures and *pari-passu* with other unsecured, unsubordinated indebtedness.

(e) Trust Deed Covenants and Compliance

The Charging Group's borrowing activities are governed by a Trust Deed dated 26 April 2001 as amended and restated on 29 November 2010, a Deed of Modification dated 3 October 2002, and the Supplemental Deeds dated 11 April 2005 and 7 September 2009 between the Charging Group and the Trustee for the Debenture Holders, Trustee Executors Limited.

The following details the Charging Group's compliance with the financial covenants contained in clause 5 of the Debenture Trust Deed.

	CHARGING GROUP	
	31 March 2011	31 March 2010
	\$	\$
Total Liabilities Ratio - (Clause 5.1(a))		
Total Tangible Assets (TTA)	28,923,839	26,716,986
Total Liabilities	20,192,545	22,692,157
Excess of TTA over Liabilities	8,731,294	4,024,829
Liabilities as percentage of TTA - Not to exceed 89%	70%	85%
Stock and Prior Charges Ratio - (Clause 5.1 (b))		
Principal Amount of Stock	12,575,896	15,038,259
Total Contingent Liabilities secured by Stock	Nil	Nil
Principal amount of Prior Charges	Nil	Nil
Total Debentures (1)	12,575,896	15,038,259
95% Total Readily Realisable Investments	502,079	1,182,902
90% Total Secured Receivables	23,683,460	21,085,014
85% of Total Unsecured Receivables	882,269	431,418
60% of Other Total Tangible Assets	625,450	921,889
Total Attributable Assets (2)	25,693,258	23,621,223
Excess of 2 over 1	13,117,362	8,582,964

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Total Contingent Liabilities Ratio - (Clause 5.1(c))

150% Shareholders' Funds (excluding intangible assets)	13,096,941	6,037,244
Total Contingent Liabilities	Nil	Nil
Excess of Shareholders' Funds over Total Contingent Liabilities	<u>13,096,941</u>	<u>6,037,244</u>

Prior Charges Limitation - (Clause 5.1(d))

2% of Total Tangible Assets	578,477	534,340
Prior Charges	Nil	Nil
Excess of 2% of TTA over Prior Charges	<u>578,477</u>	<u>534,340</u>
Related Party Exposure Ratio – (Clause 5.1 (f))	NIL	n/a
Minimum Capital Ratio – (Clause 5.1 (e))	22.23%	n/a

Liquid Assets - (Clause 5.1 (g))

Liquid Assets	528,504	n/a
Outstanding Stock	12,575,896	n/a
(1) divided by (2) x 100 - Minimum 3.5% of outstanding stock (5% from 1/12/11)	4.2%	n/a

Particulars of Related Party Transactions

Business Loans from Related Parties:

Timberton Limited	6,059,778	5,200,000
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Debenture Stock Invested by Related Parties:

Executive Trustees Ltd	-	-
Timberton Investments Ltd	<u>5,911,379</u>	<u>2,318,000</u>

The company breached a non-financial reporting covenant in respect of the 31 March 2010 audited financial statements in that it did not provide these statements to its trustee by 30 June 2010. This breach was remedied on 20 August 2010.

5. CRITICAL ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

Management discusses with the Board the development, selection and disclosure of the Charging Group's critical accounting policies and estimates and the application of these policies and estimates.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Charging Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below:

- (1) The Charging Group has assessed goodwill arising from the acquisition of Beneficial Insurance for impairment. This assessment was performed using discounted forecast cash flows for that business. The key assumptions are listed in Note 15.
- (2) Impairment allowances for finance receivables are calculated on individually significant loans and loans assessed collectively. Losses expected from future events, no matter how likely, are not recognised. Management regularly review and adjust the methodology and assumptions for impairment testing as improved analysis becomes available to minimise any differences between loss estimates and actual loss experienced. Refer to Note 13 for details of the impairment allowances.
- (3) The Deferred Tax benefit of temporary differences have been recognised as they are expected to reverse in the foreseeable future and that taxable profits are expected to be available against which the temporary differences can reverse. Refer to note 11 for further details.
- (4) Outstanding claims liabilities in respect of insurance policies written. Refer to Note 16 for further details.

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6. SEGMENT INFORMATION

For the year to 31 March 2011	Broadlands Finance Limited \$	Beneficial Insurance Limited \$	Vehicle Funding Limited \$	Total \$
Revenue				
Revenue from external customers	7,762,253	1,747,109	54,241	9,563,603
Total segment revenue	7,762,253	1,747,109	54,241	9,563,603
Segment net profit after tax	3,158,462	(515,833)	1,073	2,643,702
Interest revenue	6,883,564	88	-	6,883,652
Interest expense	(2,245,074)	-	-	(2,245,074)
Depreciation	(69,654)	(14,319)	-	(83,973)
Impairment charge for credit losses and write offs	2,667,827	-	-	2,667,827
Recovery of amounts previously written off	7,645	-	-	7,645
Income tax expense	(2,263,011)	340,382	(481)	(1,923,110)
Segment operating assets	36,514,991	2,449,993	57,859	39,022,843
Goodwill	9,300,000	-	-	9,300,000
Capital expenditure	23,273	4,862	-	28,135
Deferred tax assets	1,517,914	-	-	1,517,914
Government Stock	-	510,000	-	510,000
Deferred acquisition costs	-	368,967	-	368,967
Segment operating liabilities	22,032,501	273,370	53,078	22,358,949

For the year to 31 March 2010	Broadlands Finance Limited \$	Beneficial Insurance Limited \$	Vehicle Funding Limited \$	Total \$
Revenue				
Revenue from external customers	8,843,409	2,568,351	26,400	11,438,160
Total segment revenue	8,843,409	2,568,351	26,400	11,438,160
Segment net profit after tax	(2,164,291)	310,664	2,244	(1,851,383)
Interest revenue	7,418,183	99	-	7,418,282
Interest expense	(2,372,577)	4,788	-	(2,367,789)
Depreciation	(86,765)	(12,637)	-	(99,402)
Impairment charge for credit losses and write offs	(6,374,485)	-	-	(6,374,485)
Recovery of amounts previously written off	20,728	-	-	20,728
Income tax expense	925,092	(134,540)	(983)	789,569
Segment operating assets	34,279,078	4,919,520	29,763	39,228,361
Goodwill	9,300,000	-	-	9,300,000
Capital expenditure	101,092	56,966	-	158,058
Deferred tax assets	3,584,784	54,232	-	3,639,016
Government Stock	-	510,000	-	510,000
Deferred acquisition costs	-	723,321	-	723,321
Segment operating liabilities	24,734,061	120,654	26,535	24,881,250

(a) Segment revenue reconciliation to Statement of Comprehensive Income

	CHARGING GROUP	
	for the year to 31 March 2011 \$	for the year to 31 March 2010 \$
Segment revenue reconciliation to Statement of Comprehensive Income		
Total segment revenue	9,563,603	11,438,160
Total revenue per Statement of Comprehensive Income	9,563,603	11,438,160

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(b) Segment net profit after tax reconciliation to Statement of Comprehensive Income

The Board of Directors meet on a monthly basis to assess the performance of each segment by analyzing the segment's net profit after tax. A segment's net profit after tax excludes non-operating income and expenses such as dividends received, fair value gains and losses, gains and losses on disposal of assets these are generating. Income tax expenses are calculated as 30% (2010: 30%) of the segment's net profit before tax adjusted for permanent differences.

	CHARGING GROUP	
	for the year to 31 March 2011	for the year to 31 March 2010
Reconciliation of segment net profit after tax to net profit/loss before tax:		
Segment net profit after tax	\$ 2,643,702	\$ (1,851,383)
Net gain on disposal of plant and equipment	(58,339)	851
Net profit after tax from Statement of Comprehensive Income	<u>2,585,363</u>	<u>(1,850,532)</u>

(c) Segment assets reconciliation to Statement of Financial Position

In assessing the segment performance on a monthly basis, the Board of Directors analyse the segment results as described above and its relationship to segment assets. Segment assets are those operating assets of the entity that the Board of Directors views as directly attributing to the performance of the segment. These assets include the cash and cash equivalents, net finance contract receivables, held to maturity financial assets, other assets, plant and equipment and investments in subsidiaries and exclude loans to related parties, deferred acquisition costs and deferred tax assets.

	CHARGING GROUP	
	for the year to 31 March 2011	for the year to 31 March 2010
Segment operating assets	39,022,843	39,228,361
Intersegment eliminations	(3,051,220)	(5,817,945)
Deferred tax assets	1,517,914	3,639,016
Deferred acquisition costs	368,967	723,321
Total assets per Statement of Financial Position	<u>37,858,504</u>	<u>37,772,753</u>

(d) Segment liabilities reconciliation to Statement of Financial Position

Segment liabilities include trade and other payables and debt. The charging group has a centralised finance function that is responsible for raising debt and capital for the entire operations. Each entity or business uses this central function to invest excess cash or obtain funding for its operations. The Board of Directors review the level of debt for each segment in the monthly meetings.

	CHARGING GROUP	
	for the year to 31 March 2011	for the year to 31 March 2010
Reconciliation of segment liabilities to total liabilities:		
Segment operating liabilities	22,358,948	24,881,250
Intersegment eliminations	(3,102,343)	(3,948,333)
Income tax payable	(370,817)	559,226
Provisions	155,810	169,000
Insurance premiums in advance	1,150,947	1,031,014
Total liabilities per Statement of Financial Position	<u>20,192,545</u>	<u>22,692,157</u>

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7. NET INTEREST INCOME

	CHARGING GROUP		COMPANY	
	for the year to 31 March 2011 \$	for the year to 31 March 2010 \$	for the year to 31 March 2011 \$	for the year to 31 March 2010 \$
Interest and similar income (for financial assets not at fair value though profit or loss)				
Finance receivables				
Interest Income (not impaired)	1,280,908	3,193,591	1,280,908	3,193,591
Interest Income (impaired)	2,724,876	2,541,856	2,724,876	2,541,856
Imputed Interest Income	2,863,878	1,636,859	2,863,878	1,636,859
Total Interest Income	6,869,662	7,372,306	6,869,662	7,372,306
Bank deposits	13,990	45,950	13,902	45,877
Other Interest Income	-	25	-	-
	6,883,652	7,418,281	6,883,564	7,418,183
Interest and similar expense (at amortised cost)				
Interest - bank overdraft	-	(295)	-	(295)
Interest - debentures	(1,156,132)	(1,329,735)	(1,156,132)	(1,329,735)
Interest - related party borrowings	(781,857)	(774,518)	(781,857)	(771,829)
Direct expenses - Finance receivables	(307,085)	(263,241)	(307,085)	(270,718)
	(2,245,074)	(2,367,789)	(2,245,074)	(2,372,577)
Net interest income	4,638,578	5,050,492	4,638,490	5,045,606

Interest income includes imputed interest income on impaired assets. A corresponding charge has been recognised under the 'Impairment Expense' line in the Statement of Comprehensive Income.

8. NET FEE AND COMMISSION INCOME

	CHARGING GROUP		COMPANY	
	for the year to 31 March 2011 \$	for the year to 31 March 2010 \$	for the year to 31 March 2011 \$	for the year to 31 March 2010 \$
Fee and commission income				
Credit related fees and commissions				
- External	680,261	1,155,402	680,261	1,156,032
	680,261	1,155,402	680,261	1,156,032
Fee and commission expense				
Other fees paid	(59,641)	(75,654)	(59,641)	(75,654)
	(59,641)	(75,654)	(59,641)	(75,654)
Net fee and commission income	620,620	1,079,748	620,620	1,080,378

9. NET INSURANCE INCOME

	CHARGING GROUP		COMPANY	
	for the year to 31 March 2011 \$	for the year to 31 March 2010 \$	for the year to 31 March 2011 \$	for the year to 31 March 2010 \$
Insurance income				
Insurance/Indemnity premium	1,688,474	2,537,764	-	-
	1,688,474	2,537,764	-	-
Insurance expenses and related charges				
Insurance/Indemnity claims	(799,490)	(830,348)	-	-
Acquisition cost Incurred	(378,494)	(169,520)	-	-
	(1,177,984)	(999,868)	-	-
Net insurance income	510,490	1,537,896	-	-

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10. OTHER OPERATING

	CHARGING GROUP		COMPANY	
	for the year to 31 March 2011 \$	for the year to 31 March 2010 \$	for the year to 31 March 2011 \$	for the year to 31 March 2010 \$
Accounting Fees	(57,421)	(19,831)	(43,693)	(16,315)
Advertising	(159,293)	(110,366)	(7,233)	-
Computer	(101,034)	(106,848)	(47,146)	(79,173)
Motor Vehicle & Travel	(96,299)	(142,001)	(62,271)	(104,865)
Telephone	(189,346)	(215,525)	(152,041)	(180,887)
Office, Printing & Postage	(221,708)	(259,315)	(131,539)	(155,851)
Other Expenses not detailed above	(782,788)	(611,988)	(359,366)	(413,705)
Total Other Expenses	(1,607,889)	(1,465,874)	(803,289)	(950,796)
Audit fees	(230,702)	(254,679)	(184,202)	(166,539)
- Previous Auditors	(22,379)	(235,943)	(3,379)	(149,883)
- Current Auditors	(208,323)	-	(180,823)	-
Other assurance services performed by auditor	-	(18,736)	-	(16,656)
Total fees paid to auditors	(230,702)	(254,679)	(184,202)	(166,539)

11. TAXATION

	CHARGING GROUP		COMPANY	
	for the year to 31 March 2011 \$	for the year to 31 March 2010 \$	for the year to 31 March 2011 \$	for the year to 31 March 2010 \$
(a) Income tax expense				
Current tax	(197,992)	313,402	196,146	165,558
Deferred tax	2,121,102	(1,102,971)	2,066,870	(1,090,650)
	1,923,110	(789,569)	2,263,016	(925,092)
(b) Reconciliation of income tax expense				
Profit before income tax	4,508,472	(2,640,101)	5,357,677	(3,089,296)
Taxation at the statutory tax rate of 30%	1,352,542	(792,030)	1,607,303	(926,789)
Effect of changes in tax rates	108,422	-	108,422	-
Permanent Differences	43,694	2,461	4,252	1,697
Other	6,294	-	13,403	-
Benefit of tax los	343,931	-	343,931	-
Adjustment to prior periods	68,227	-	185,705	-
Income Tax Expense	1,923,110	(789,569)	2,263,016	(925,092)
(c) Imputation credit account				
Balance at beginning of period	2,369,234	1,260,166	2,070,500	1,225,570
Imputation credits attached to dividends received	422	420	422	420
Income tax paid during period	425,405	1,108,568	60,000	844,468
Resident withholding tax received	12	80	(20)	42
Transfers and other adjustments	911,226	-	775,492	-
	3,706,299	2,369,234	2,906,394	2,070,500

On 20 May 2010, the New Zealand Government announced a change in the corporate tax rate from 30% to 28% for the 2011/12 tax year. This materially affects deferred tax in these financial statements and has been taken into account in calculating deferred tax at 31 March 2011.

	CHARGING GROUP		COMPANY	
	31 March 2011 \$	31 March 2010 \$	31 March 2011 \$	31 March 2010 \$
(d) Deferred tax assets				
The balance comprises temporary differences at 28% attributable to:				
Impairment allowance	1,496,999	3,553,362	1,496,999	3,553,362
Employee benefits	20,915	34,954	20,915	31,422
Other Provisions	-	50,700	-	-
Net deferred tax assets	1,517,914	3,639,016	1,517,914	3,584,784
Movements:				
Opening balance	3,639,016	2,536,045	3,584,784	2,494,134
Credited to income statement	(2,121,102)	1,102,971	(2,066,870)	1,090,650
	1,517,914	3,639,016	1,517,914	3,584,784
Other	6,294	-	13,403	-
Benefit of tax loss not recognised	343,931	-	343,931	-
Adjustments to prior periods	68,227	-	185,705	-

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Obtaining the benefits of the deferred tax assets is dependent upon deriving sufficient assessable income (as forecast by the directors) and complying with relevant tax legislation.

12. CASH AND CASH EQUIVALENTS

	CHARGING GROUP		COMPANY	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
Cash at bank	\$ 528,504	\$ 1,245,160	\$ 497,847	\$ 1,238,410
Cash on hand	-	-	-	-
Cash and cash equivalents	528,504	1,245,160	497,847	1,238,410

13. RECEIVABLES

	CHARGING GROUP		COMPANY	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
Gross Finance Contract Receivables	\$ 31,677,407	\$ 35,352,900	\$ 31,677,407	\$ 35,352,900
Allowance for unearned interest	(16,024)	(80,566)	(16,024)	(80,566)
Allowance for impairment	(5,346,426)	(11,844,540)	(5,346,426)	(11,844,540)
Net Finance Contract Receivables	26,314,957	23,427,794	26,314,957	23,427,794

The Charging Group provides finance to customers primarily for purchase of motor vehicles, consumer goods and commercial and property loans. Gross Finance Contract Receivables are summarised as follows:

	CHARGING GROUP		COMPANY	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
Not past due and not impaired	\$ 9,776,457	\$ 12,156,977	\$ 9,776,457	\$ 12,156,977
Individually past due but not impaired	655,748	-	655,748	-
Collectively past due but not impaired	10,005,288	2,878,091	10,005,288	2,878,091
Individually past due and impaired	1,714,844	-	1,714,844	-
Collectively past due and impaired	9,525,070	20,317,832	9,525,070	20,317,832
Allowance for unearned interest	(16,024)	(80,566)	(16,024)	(80,566)
Allowance for impairment	(5,346,426)	(11,844,540)	(5,346,426)	(11,844,540)
Total	26,314,957	23,427,794	26,314,957	23,427,794

	CHARGING GROUP		COMPANY	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
The aging is as follows:	\$	\$	\$	\$
1 to 30 Days	412,825	-	412,825	-
31 to 89 Days	242,923	-	242,923	-
90 Days Plus	-	-	-	-
Individually past due but not impaired	655,748	-	655,748	-
1 to 30 Days	9,207,975	1,101,000	9,207,975	1,101,000
31 to 89 Days	797,314	1,777,091	797,314	1,777,091
90 Days Plus	-	-	-	-
Collectively past due but not impaired	10,005,289	2,878,091	10,005,289	2,878,091
1 to 30 Days	108,300	-	108,300	-
31 to 89 Days	289,076	-	289,076	-
90 Days Plus	1,317,468	-	1,317,468	-
Individually past due and impaired	1,714,844	-	1,714,844	-
1 to 30 Days	-	-	-	-
31 to 89 Days	-	-	-	-
90 Days Plus	9,525,070	20,317,832	9,525,070	20,317,832
Collectively past due and impaired	9,525,070	20,317,832	9,525,070	20,317,832
Individually Impaired	(1,520,646)	-	(1,520,646)	-
Collectively Impaired	(3,825,780)	(11,844,540)	(3,825,780)	(11,844,540)
Total Allowance for impairment	(5,346,426)	(11,844,540)	(5,346,426)	(11,844,540)

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The table below shows a reconciliation of the movement in the allowance for impairment of finance receivables which are determined to be impaired. The table also includes the Bad Debts written off.

	CHARGING GROUP		COMPANY	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
	\$	\$	\$	\$
Balance of Impairment Allowance at beginning of period	(11,844,540)	(8,232,091)	(11,844,540)	(8,232,091)
(Increase)/decrease in Impairment Allowance	6,498,114	(3,612,449)	6,498,114	(3,612,449)
Balance of Impairment Allowance of at end of period	(5,346,426)	(11,844,540)	(5,346,426)	(11,844,540)
Movement in Impairment Allowance	6,498,114	(3,612,449)	6,498,114	(3,612,449)
Receivables written off during the period	(966,409)	(1,125,177)	(966,409)	(1,125,177)
Imputed Interest written off during the period	(2,863,878)	(1,636,859)	(2,863,878)	(1,636,859)
Receivables recovered during the period	7,645	20,729	7,645	20,729
Net Impairment gain/(loss) on financial assets	2,675,472	(6,353,757)	2,675,472	(6,353,757)

The creation and release of the allowance for impaired receivables has been included in "impairment charge for credit losses" in the Statement of Comprehensive Income. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The impairment allowance represents the difference between the carrying value of the finance receivables and their estimated present value. The assessment for the level of impairment is based on management's credit provisioning policy which has been prepared in accordance with the requirements of NZ IAS 39.

14. OTHER ASSETS

	CHARGING GROUP		COMPANY	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
	\$	\$	\$	\$
Prepayments and other Receivables	1,037,962	507,551	262,597	49,768

All of the assets included in "Other assets" are current assets

15. GOODWILL

	CHARGING GROUP		COMPANY	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
	\$	\$	\$	\$
Balance at beginning of period	7,416,751	7,416,751	-	-
Impairment (loss)	-	-	-	-
Balance at end of period	7,416,751	7,416,751	-	-

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The following key assumptions have been made:

Management prepared an assessment of the goodwill arising from the investment in the subsidiary, Beneficial Insurance Limited, using a discounted cash flow methodology.

- The intangible assets have been assigned to one cash generating unit – Beneficial Insurance Limited.
- Insurance and indemnity claims continue at the same % as experienced in the last 12 months.
- The forecast cash flows were discounted at a pre-tax rate in the range from 21.6% to 20.9%.
- The Pet-n-Sur business growth rates are based on prior year trends.
- The growth rates assumed for the BFL loan book are 40% for the periods ending 31 March 2012 and 2013, and 30% for 2014 and 20% for the remaining periods and the uptake of insurance on this book continues at historic levels.
- The projections are representative of conditions prevalent on the date of this report and the BIL business is capable of achieving the projected financial performance.
- A terminal growth rate of 2.5% for calculating the continuing value of the BIL business.
- BIL's operating costs for 2011 are assumed to be \$1.4M and growing at 3% thereafter until 2016. BIL's Management consider this level of expenditure to be appropriate for operating the BIL business as envisaged. This level of expenditure reflects a consideration of actual costs incurred in the period ended 31 March 2011, one off expenses incurred which will not be required in the future, cost efficiencies achieved and consideration of expenditure which would be required for operating the BIL business as planned. Substantial analysis has been undertaken by BFL and BIL Management for this purpose. We have assumed operating costs to be at this level in the cash flow projections for 2012 to 2017 being the 5 years specified in NZ IAS 36 *Impairment of Assets*.
- There will be no change in the current arrangements for funding between BFL and BIL.
- There will be no changes in the legal environment for either BFL or BIL. However, it is noted that the Insurance (Prudential Supervision) Act will come into force during the next accounting period. There will be no significant changes to BIL's ability to achieve its objectives in respect of these new statutory requirements.
- The operating cost assumptions are reasonable and achievable.
- The Directors have performed a sensitivity analysis over the goodwill impairment model and have provided for a probability of achievement adjustment in its forecasted cash flows.
- The carrying amount of goodwill exceeds the present value of the forecast cash flows using the assumptions disclosed in note 15 is \$554,602. If the discount value was increased from 21.6% to 23.9% then the forecast value in use would equal the carrying amount. A discount rate of 21.6% and a terminal growth rate of 3% generates a fair market value of the BIL business of \$8 million. If the discount rate was reduced to 20.69% and the terminal growth rate was 2.5% a fair market value of the BIL business would be \$8.5 million.

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16. INSURANCE ASSETS

INSURANCE ASSETS

	CHARGING GROUP	
	31 March 2011	31 March 2010
	\$	\$
Deferred acquisition costs at end of the period	368,967	723,321
Government stock	510,000	510,000
	878,967	1,233,321
<i>Deferred acquisition costs analysis</i>		
Deferred acquisition costs at beginning of the period	723,321	875,486
Acquisition cost deferred	92,490	618,221
Amortisation charged to profit or loss	(446,844)	(770,386)
Deferred acquisition costs as at end of the period	368,967	723,321
<i>Current / Non - Current Split</i>		
Current Portion of Deferred acquisition costs at end of period	359,098	618,221
Current Portion of Government Bond	510,000	-
Non-Current Portion of Deferred acquisition costs at end of period	9,869	105,100
Non-Current Portion of Government stock	-	510,000
	878,967	1,233,321

Actuarial Assumptions and Methods

Methods

Significant estimates and judgements are made by BIL's approved actuary to arrive at certain key liability amounts disclosed in the financial statements. These estimates are determined by a qualified and experienced practitioner with reference to historical data and reasoned expectations of future events. The key areas in which critical estimates and judgements are applied are described below.

Central Estimate of Outstanding Claims Liabilities

The estimation of outstanding liabilities is based largely on the assumption that past developments are an appropriate predictor of the future and involves a variety of actuarial techniques that analyse experience, trends and other relevant factors. The process commences with the actuarial projection of the future claim payments for claims incurred up to the reporting date. Each class of business is examined separately and some or all of the following will be considered for each class in projecting future claim payments:

- (i) Historical trends in the incidence and development of the number of claims reported, claim payments and reported incurred costs.
- (ii) Exposure details, including earned premiums and policy limits.
- (iii) Claim frequencies and average claim sizes.
- (iv) The legislative framework, legal and court environments and social and economic factors that may impact upon each class of business.
- (v) Historical and likely future trends in standard inflationary pressures relating to commodity prices and wages.
- (vi) Historical and likely future trends on inflationary pressures in addition to price or wage inflation, termed superimposed inflation.
- (vii) Historical and likely future trends of expenses associated with managing claims to finalisation.
- (viii) Historical and likely future trends of recoveries from sources such as subrogation and third party actions.
- (ix) Insurer specific, relevant industry data and more general economic data utilised in the estimation process.

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Projected future claim payments and associated claim handling costs are discounted to a present value as required using appropriate risk free discount rates. A projection of future claims payments, both gross and net of reinsurance and other recoveries is undertaken.

In selecting valuation methodologies, actuarial methods are applied to project future claim payments. This assists in providing a greater understanding of the trends inherent in the past data. The projections obtained from various methods also assist in setting the range of possible outcomes. The most appropriate method, or even a blend of methods, is selected taking into account the characteristics of the class of business and the extent of the development of each past incident period.

Risk Margins

As an estimate of future outcomes, the net central estimate of outstanding claims liability is subject to uncertainty. Uncertainty is examined for each class of business and expressed as the volatility of the net central estimate. The volatility for each class of business was derived after consideration of stochastic modelling and benchmarking to industry analysis.

Assumptions

The claims liabilities have been assessed by Peter Davies, an actuary who is a fully credited member of the New Zealand Society of Actuaries. (Refer to note 3 in respect of the assumptions that were used in his assessment of the claims provisions and note 9 for details of claims paid during the period).

The valuations included in the reported results are calculated using assumptions including:

- (i) Discount Rate - Because the outstanding claims liability represents payments that will be made in the future, they are discounted to reflect the time value of money effectively recognising that the assets held to back insurance liabilities will earn a return during that period. Discount rates are based on gross yields to maturity of NZ Government bonds of appropriate terms as at 30 September 2010.
- (ii) Future settlement patterns and weighted average term to settlement. The weighted average term to settlement is an aggregate figure for all classes of business based on expected claims development patterns which are in turn derived from an analysis of historical claims patterns.
- (iii) Assumed loss ratios. Assumed loss ratios were determined from a consideration of observed loss ratios for historical loss quarters.
- (iv) Risk Margin. The overall risk margin is determined allowing for diversification between classes of business and the relative uncertainty of the outstanding claims estimates for each class. The assumptions regarding uncertainty for each class are applied to the net central estimates and the results are aggregated, allowing for diversification, in order to arrive at an overall net provision that is intended to provide a probability of sufficiency of 75 per cent.
- (v) Expense allowance. An estimate of outstanding claims liabilities will typically incorporate an allowance for the future cost of administering the claims.

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Insurance contracts-risk management policies and procedures

The financial condition and operation of the Charging Group are affected by a number of key risks including insurance risk, interest rate risk, currency risk, credit risk, market risk, liquidity risk, financial risk, compliance risk, fiscal risk and operational risk. Notes on the Charging Group's policies and procedures in respect of managing these risks are set out in this note.

Objectives in managing risks arising from insurance contracts and policies for mitigating those risks

The Charging Group has an objective to control insurance risk thus reducing the volatility of operating profits, in addition to the inherent uncertainty of insurance risk, which can lead to significant variability in the loss experience, profits from insurance business are affected by market factors, particularly competition and movements in asset values. Short term variability is, to some extent, a feature of insurance business.

Key aspects of the processes established to mitigate risks include:

- (i) The maintenance and use of sophisticated management information systems, which provide up to date, reliable data on the risks to which the business is exposed at any point in time.
- (ii) The use of actuarial models based on historical data to calculate premiums and monitor claim patterns.
- (iii) The management of assets and liabilities is closely monitored to attempt to match the expected pattern of claims payments with the maturity dates of assets.

Terms and conditions of insurance business

The terms and conditions attaching to insurance contracts affect the level of insurance risk accepted by the Charging Group. The majority of direct insurance contracts written are entered into on a standard form. There are no special terms and conditions in any non-standard contracts that have a material impact on the financial statements.

Concentration of insurance risk

The Charging Group's exposure is diversified across classes of business with risk spread across New Zealand.

Financial Risk

- (i) Interest rate risk. The Charging Group is exposed to interest rate risk arising on interest bearing assets. The Charging Group manages some of its exposure to this risk by holding the majority of such assets on short term maturities.
- (ii) Credit risk. The credit risk on financial assets of the Charging Group is generally the carrying amount, net of any provisions for doubtful debts. Credit risk exposures are calculated regularly and compared to authorised credit limits before further transactions are undertaken with each counter party. The Charging Group does not expect any counter parties to fail to meet their obligation and therefore does not require collateral or other security to support credit risk exposures.
- (iii) Market risk. The Charging Group is exposed to market risk including fair value, interest risk and price risk. Market risks arise from open positions in interest rate products which are exposed to general and specific market movements. The market risks that the Charging Group primarily faces are interest rate risk, due to the nature of its investments and liabilities.

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(iv) Liquidity risk. The Charging Group is exposed to daily calls on its available cash resources from the policy claims. Liquidity risk is the risk that payment of obligations may not be met in a timely manner at a reasonable cost. The Charging Group manages this risk by considering potential daily calls in unison with its overall cash management position.

Unexpired risk liability

The Liability Adequacy Test ("LAT") has identified an unexpired risk liability in a portfolio of contracts with broadly similar risks that are managed together. The liability has resulted in a write down of deferred acquisition costs of \$446,844 (March 2010: \$263,576).

The LAT has identified a surplus for other portfolios of contracts that are subject to broadly similar risks that are managed together as a single portfolio.

The process of determining the overall risk margin, including the way in which diversification of risk has been allowed for. As with outstanding claims, the overall risk margin is intended to achieve a 75% (March 2010: 85%) probability of adequacy.

Insurance Maturity Analysis

The table below analyses the Charging Group's insurance assets and insurance liabilities into relevant maturity groupings based on the expected maturity dates.

31/03/2011 – The Charging Group	\$ 0 to 6 Months	\$ 7 to 12 Months	\$ 13 to 24 Months	\$ 25 to 60 Months	\$ Over 60 Months	\$ Total
Insurance Assets						
Deferred acquisition cost	83,608	275,490	6,061	3,808	-	368,967
Insurance Liabilities						
Provision for claims	155,810	-	-	-	-	155,810
Unearned premium liabilities	260,879	859,201	18,988	11,879	-	1,150,947
	416,689	859,201	18,988	11,879	-	1,306,757
31/03/2010 – The Charging Group						
	\$ 0 to 6 Months	\$ 7 to 12 Months	\$ 13 to 24 Months	\$ 25 to 60 Months	\$ Over 60 Months	\$ Total
Insurance Assets						
Deferred acquisition cost	460,570	157,651	105,100	-	-	723,321
Insurance Liabilities						
Provision for claims	169,000	-	-	-	-	169,000
Unearned premium liabilities	172,351	605,171	236,487	17,005	-	1,031,014
	341,351	605,171	236,487	17,005	-	1,200,014

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17. PLANT AND EQUIPMENT

31 March 2011	Leasehold improvements \$	Furniture & fittings \$	Office equipment \$	Motor vehicles \$	Total \$
CHARGING GROUP:					
COST					
At beginning of period	142,160	198,459	395,943	106,937	843,499
Additions	-	3,000	5,355	19,780	28,135
Disposals	(77,530)	-	(253,967)	(48,949)	(380,446)
	64,630	201,459	147,331	77,768	491,188
ACCUMULATED DEPRECIATION					
At beginning of period	64,720	136,071	304,503	35,046	540,340
Charge for the period	6,999	11,400	40,014	25,560	83,973
Eliminated on disposals	(43,207)	-	(221,548)	(31,819)	(296,574)
	28,512	147,471	122,969	28,787	327,739
NET BOOK VALUE					
At 31 March 2011	36,118	53,988	24,362	48,981	163,449
At 1 April 2010	77,440	62,388	91,440	71,891	303,160
31 March 2010					
CHARGING GROUP:					
COST					
At beginning of period	129,561	195,815	353,099	18,500	696,975
Additions	12,599	2,644	44,254	98,561	158,058
Disposals	-	-	(1,410)	(10,124)	(11,534)
	142,160	198,459	395,943	106,937	843,499
ACCUMULATED DEPRECIATION					
At beginning of period	55,085	123,065	253,464	10,670	442,284
Charge for the period	9,635	13,005	52,386	24,376	99,402
Eliminated on disposals	-	-	(1,347)	-	(1,347)
	64,720	136,070	304,503	35,046	540,339
NET BOOK VALUE					
At 31 March 2010	77,440	62,389	91,440	71,891	303,160
At 1 April 2009	74,476	72,750	99,635	7,830	254,691
31 March 2011					
COMPANY:					
COST					
At beginning of period	133,496	198,459	372,288	71,177	775,420
Additions	-	-	3,493	19,780	23,273
Disposals	(77,530)	-	(253,967)	(32,500)	(363,997)
	55,966	198,459	121,814	58,457	434,696
ACCUMULATED DEPRECIATION					
At beginning of period	64,354	136,070	285,753	26,137	512,314
Charge for the period	6,003	10,932	36,825	15,894	69,654
Eliminated on disposals	(43,207)	-	(221,548)	(22,107)	(286,862)
	27,150	147,002	101,030	19,924	295,106
NET BOOK VALUE					
At 31 March 2011	28,816	51,457	20,784	38,533	139,590
At 1 April 2010	69,142	62,389	86,534	45,040	263,106

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31 March 2010	Leasehold improvements \$	Furniture & fittings \$	Office equipment \$	Motor vehicles \$	Total \$
COMPANY:					
COST					
At beginning of period	129,561	195,815	331,862	18,500	675,738
Additions	3,935	2,644	41,836	52,677	101,092
Disposals	-	-	(1,410)	-	(1,410)
	133,496	198,459	372,288	71,177	775,420
ACCUMULATED DEPRECIATION					
At beginning of period	55,085	123,065	238,076	10,670	426,896
Charge for the period	9,269	13,005	49,024	15,467	86,765
Eliminated on disposals	-	-	(1,347)	-	(1,347)
	64,354	136,070	285,753	26,137	512,314
NET BOOK VALUE					
At 31 March 2010	69,142	62,389	86,535	45,040	263,106
At 1 April 2009	74,476	72,750	93,786	7,830	248,842

	CHARGING GROUP		COMPANY	
	31 March 2011 \$	31 March 2010 \$	31 March 2011 \$	31 March 2010 \$
Vehicles and office equipment includes the following amounts where the group is a lessee under a finance lease:				
Cost - capitalised finance leases	203,426	207,536	184,116	183,972
Accumulated depreciation	145,352	(104,055)	136,489	(97,706)
Net book value	58,074	103,481	47,627	86,266

18. COMMITMENTS

	CHARGING GROUP		COMPANY	
	31 March 2011 \$	31 March 2010 \$	31 March 2011 \$	31 March 2010 \$
The Charging Group has no known material capital commitments	NIL	NIL	NIL	NIL
Operating leases				
Minimum lease payments paid under operating expenses recognised as an expense in the period	271,465	332,378	202,765	263,449
Within one year	100,390	298,648	100,390	280,378
Later than one year but not later than five years	54,368	144,152	54,368	144,152
Later than five years	-	-	-	-
Commitments not recognised in financial statements	154,758	442,800	154,758	424,530

19. PAYABLES

	CHARGING GROUP		COMPANY	
	31 March 2011 \$	31 March 2010 \$	31 March 2011 \$	31 March 2010 \$
Trade payables	146,834	118,145	114,688	93,305
Accrued expenses	130,572	194,501	80,590	127,198
Employee related accruals	120,324	127,172	95,949	112,228
Withholding tax payable	27,107	61,914	27,107	61,914
GST (refund) payable	26,227	(9,805)	360	173
Financial lease liability	9,311	115,159	6,794	95,054
Other payables	160,556	87,572	20,117	71,235
	620,931	694,658	345,605	561,107

Financial leases

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At the reporting date, the Charging Group had outstanding commitments under non - cancellable financial lease commitments which are due as follows:

	CHARGING GROUP		COMPANY	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
	\$	\$	\$	\$
Within one year	42,735	103,238	42,735	92,886
Later than one year but not later than five years	57,911	10,247	57,911	7,659
Later than five years	-	-	-	-
Commitments recognised in financial statements	100,646	113,485	100,646	100,545

The average interest rate on the financial leases is 10.60% (March 2010: 10.60%). The security to the lessor for the financial leases is limited to the value of the assets (2011: \$58,074, 2010: \$80,895).

20. INVESTMENT IN SUBSIDIARIES

The consolidated financial statement incorporates the assets, liabilities and results of Beneficial Insurance Limited, a 100% subsidiary incorporated in New Zealand which deals in Insurance activities. The investment in the subsidiary has been stated at cost. During the current financial year, the subsidiary, Vehicle Funding Limited, operated as a vehicle trading business. This subsidiary is 100% owned and is incorporated in New Zealand.

	GROUP		COMPANY	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
	\$	\$	\$	\$
Investment	-	-	9,300,000	9,300,000
Impairment losses	-	-	-	-
12,738 ordinary shares	-	-	9,300,000	9,300,000

21. SHARE CAPITAL

	CHARGING GROUP		COMPANY	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
	\$	\$	\$	\$
Issued and fully paid				
12,738 ordinary shares	14,000,000	14,000,000	14,000,000	14,000,000

Ordinary Shares

At 31 March 2011, the authorised and paid up share capital comprised 12,738 ordinary shares (2010: 12,738). In the last financial year there was no new issue of shares or buybacks.

Retained Earnings

This comprises the cumulative results of the Company and its subsidiaries net of taxation. The movements in retained earnings are detailed in the "Statement of Changes in Equity".

Dividends

The Directors do not recommend payment of a dividend in the current period (March 2010: \$Nil).

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22. RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	CHARGING GROUP		COMPANY	
	for the period to 31 March 2011 \$	for the period to 31 March 2010 \$	for the period to 31 March 2011 \$	for period to 31 March 2010 \$
Net (Loss)/Profit after tax	2,585,363	(1,850,532)	3,094,661	(2,164,205)
Add Non-Cash Items				
Depreciation	83,973	99,402	69,654	86,765
Profit/Loss on Sales of Asset	58,339	(851)	63,801	(87)
Impairment of receivables	(2,675,471)	5,332,455	(2,675,471)	5,332,455
Decrease / (increase) in deferred tax	2,121,102	(1,102,971)	2,066,870	(1,090,650)
Add movements in other working capital items				
(Decrease)/ increase in tax payable	(930,043)	(795,246)	(186,571)	(678,955)
Decrease / (increase) in Accounts receivable	(387,750)	(2,886,193)	(424,522)	(2,809,238)
(Decrease) / increase in Accounts Payable and Accruals	33,017	(659,835)	(215,500)	88,897
	888,530	(1,863,771)	1,792,922	(1,235,018)

23. INTEREST BEARING LIABILITIES

	CHARGING GROUP		COMPANY	
	31 March 2011 \$	31 March 2010 \$	31 March 2011 \$	31 March 2010 \$
Secured				
Debentures	12,575,896	15,038,259	12,575,896	15,038,259
Total secured interest bearing borrowings	12,575,896	15,038,259	12,575,896	15,038,259
Unsecured				
Loan from related party (note 26)	6,059,778	5,200,000	9,110,999	9,134,696
	6,059,778	5,200,000	9,110,999	9,134,696
Total interest bearing liabilities	18,635,674	20,238,259	21,686,895	24,172,955

(a) Assets pledged as security

Under the Debenture trust deed all assets of the charging group are pledged against the first ranking general security interest in favour of the Trustee.

(b) Debentures

Debenture stock which is issued on the basis that it is repayable on demand may be repaid by the Company at any time. Other debenture stock is issued on terms ranging from 3 months to 5 years and is repayable on the maturity date.

(c) Current/Non-Current

	CHARGING GROUP		COMPANY	
	31 March 2011 \$	31 March 2010 \$	31 March 2011 \$	31 March 2010 \$
Current/Non-current				
Current borrowings	8,833,909	13,366,329	8,833,909	13,366,329
Non-current borrowings	9,801,765	6,871,930	12,852,985	10,806,626
	18,635,674	20,238,259	21,686,894	24,172,955

(d) Priority of Claims

In the event that the Charging Group was liquidated or ceased trading Debentures rank first as to the priority of claims over the Charging Group's assets. The subordinated loan from the related party ranks behind these secured interest bearing liabilities.

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24. CURRENT AND TERM AGGREGATES

	CHARGING GROUP		COMPANY	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
	\$	\$	\$	\$
Aggregate Current Assets	13,081,840	16,580,508	12,296,342	16,035,607
Aggregate Non-Current Assets	24,776,664	21,192,245	25,787,686	21,841,892
Aggregate Current Liabilities	5,050,567	13,044,366	4,775,242	12,910,814
Aggregate Non-Current Liabilities	15,141,978	7,837,791	17,069,108	11,821,667

25. SUBSEQUENT EVENTS

The following events have occurred subsequent to the reporting date:

- (a) The New Zealand Deposit Guarantee Scheme expired on 12 October 2010. Broadlands had no default events since the reporting date; consequently no claims have been made in terms of this guarantee and no claims are payable in the future.
- (b) On 29 November 2010, the Company amended its Trust Deed in order to comply with the capital ratio, related party exposure and liquidity requirements. The Trust Deed provides that the Company and each of the Charging Subsidiaries covenants with the Trustee that they will not permit:
 - the Company's capital ratio to be less than 9%;
 - the Company's aggregate related party exposure ratio to exceed 15%; or
 - the liquid assets of the Charging Group, for the period from 1 December 2010 to 30 November 2011, to be less than 3.5% of the aggregate principal amount of Stock outstanding and, thereafter, 5%.
- (c) On 25 February 2010, the Company was assigned a BB- long term issuer credit rating from approved rating agency Standard & Poor's, with negative outlook. The Company's short term credit rating is B. By announcement dated 8 December 2010, Standard & Poor's lowered the Company's long-term issuer credit rating from BB- to B. The outlook on the rating remains as negative. Standard & Poor's affirmed the Company's short term credit rating as B.
- (d) On 15 June 2011, Timberton Investments Limited, a related party, agreed to the re-scheduling of the loan repayment that was due on 31 October 2011. This loan repayment is now due on 31 October 2016.
- (e) On 15 June 2011, Tim Storey, a Director of Broadlands Finance Limited, was appointed as a Director of Beneficial Insurance Limited.

There were no subsequent events requiring disclosure or measurement changes to the financial statements in the March 2010 and March 2011 accounts.

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26. RELATED PARTY TRANSACTIONS

(a) Controlling Party

The Charging Group's immediate and ultimate controlling party is the sole shareholder, Anthony S Radisich, an individual ordinarily resident in New Zealand. Anthony Radisich does not guarantee the Debenture Stock.

(b) Directors Remuneration – Short term benefits only

	CHARGING GROUP		COMPANY	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
	\$	\$	\$	\$
A. Radisich	-	-	-	-
N. Smith	51,188	50,625	51,188	50,625
T. Storey	51,188	50,625	51,188	50,625
R. Kats (Resigned 25/01/11)	-	-	-	-
	102,376	101,250	102,376	101,250

(c) Key management and personnel compensation

Key management personnel compensation for the year ended 31 March 2011 and the year ended 31 March 2010 are set out below. The key management personnel are all the directors of the Company and the Senior Management with the greatest authority for the strategic direction and management of the Company and the Charging Group.

Key management personnel compensation for the period comprised:

	CHARGING GROUP		COMPANY	
	for the year to 31 March 2011	for the year to 31 March 2010	for the year to 31 March 2011	for the year to 31 March 2010
	\$	\$	\$	\$
Employee Remuneration	429,687	616,991	418,364	536,991

(d) Other transactions with key management personnel or entities relating to them

There were no other transactions with key management personnel or entities related to them, other than compensation, as set out above.

During the period the Charging Group entered into the following transactions with related parties which are entities owned or controlled by Anthony Radisich or the company.

	Country of incorporation	Relationship	Type of Service	CHARGING GROUP		COMPANY	
				for the year to 31 March 2011	for the year to 31 March 2010	for the year to 31 March 2011	for the year to 31 March 2010
Purchase of goods/ services							
Executive Trustees Limited	New Zealand	Common ownership	Rent	239,846	272,229	160,650	194,684
Penrose Enterprises Limited	New Zealand	Common ownership	Vehicle Leasing	3,932	10,102	-	-
Natwest Finance Limited	New Zealand	Common ownership	Vehicle Financing	44,248	27,559	25,120	19,277
				288,026	309,890	185,770	213,961

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Amounts due to related parties

Current

Timberton Investments Limited	New Zealand	Common ownership	Advance	1,359,878	-	1,359,878	-
Timberton Investments Limited	New Zealand	Common ownership	Debenture	5,911,379	1,818,000	5,911,379	1,818,000

Non-current

Timberton Investments Limited	New Zealand	Common ownership	Advance	4,699,900	5,200,000	4,699,900	5,200,000
Beneficial Insurance Limited	New Zealand	Subsidiary Common ownership	Advance	-	-	3,051,220	3,934,696
Timberton Investments Limited	New Zealand	Subsidiary Common ownership	Debenture	-	500,000	-	500,000
Total payable to Related Parties				11,971,157	7,518,000	15,022,377	11,452,696

Amounts due from related party

Current

Vehicle Funding Limited	New Zealand	Subsidiary	Receivable	-	-	51,123	13,637
				-	-	51,123	13,637

Timberton Investments Limited has charged the Company interest at 15% p.a. (March 2010: 15%) on the loan with a closing balance of \$5,200,000 and 0% p.a. on the loan with a closing balance of \$859,778. Timberton Investments Limited has the following maturity dates for the loans:

- \$309,878 On Call
- \$1,050,000 Maturing October 2011
- \$1,050,000 Maturing October 2012
- \$1,050,000 Maturing October 2013
- \$2,050,000 Maturing October 2015
- \$549,900 Maturing October 2015

On 15 June 2011, Timberton Investments changed the due date for the loan due on 31 October 2011 to 31 October 2016

Interest has been charged at an average rate of 8.5 % on the Debentures held by the related parties as at 31 March 2011. (March 2010: 7.2%).

These loans were unsecured as at 31 May 2011. The loan from Timberton to the Company is ranking behind debentures and pari passu with other unsecured, unsubordinated indebtedness.

The intercompany loan between the Company and its subsidiary, Beneficial Insurance Limited, has been subordinated.

No allowance for impairment has been raised in relation to any outstanding balances, and no expense has been recognised in respect of impaired receivables due from related parties.

27. CONTINGENCIES

There were no known material contingent liabilities at 31 March 2011 (March 2010: \$Nil).

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

28. NON-BANK DEPOSIT TAKERS (“NBDT”) LEGISLATION

The Reserve Bank of New Zealand regulates deposit takers (known as non-bank deposit takers or NBDTs) in New Zealand for the purposes of promoting the maintenance of a sound and efficient financial system, and avoiding significant damage to the financial system that could result from the failure of a non-bank deposit taker.

Deposit takers are defined in the Reserve Bank of New Zealand Act 1989 (“the Act”) as entities that offer debt securities to the public (as those terms are defined in the Securities Act 1978) in New Zealand and carry on the business of borrowing and lending money, or providing financial services (or both). The definition includes building societies and credit unions but excludes registered banks, amongst others. The Company meets this definition and is required to comply with the Part 5D of the Act.

Among the main items of Part 5D of the Act that are applicable to non-bank deposit takers are:

- Section 157I which requires non-bank deposit takers to have a long term issuer credit rating from either Fitch Ratings, Moody’s Investors Service, or Standard & Poor’s Rating Services;
- Section 157L which requires the governing body of the NBDT to include at least 2 independent directors, that the chairperson must not be an employee of the deposit taker or a related party and that, where the deposit taker is a subsidiary, the constitution must not include provisions allowing the directors to act otherwise than in the best interest of the NBDT;
- Section 157M which requires NBDTs to have a risk management programme which outlines how the NBDT identifies and manages its key risks and is approved by the Trustee;
- Section 157P which relates to minimum capital (not yet in force);
- Section 157S which relates to capital ratio requirements to be included in trust deeds;
- Section 157V which relates to requirements to be included in trust deeds regarding the maximum limit on exposures to related parties ; and
- Section 157Z which relates to liquidity requirements to be included in trust deeds.

The Company, as at 31 March 2011, complies with all of the requirements noted above. For example, the Company:

- has a risk management programme in place which has been approved by the Trustee;
- has two independent directors on its board and the chairperson is not an employee of the Company; and
- amended its Trust Deed in November 2010 to include provisions to comply with the capital ratio, related party exposure and liquidity requirements prescribed by the relevant regulations

APPENDIX 3

Broadlands Finance Limited

Summary of Trustee's Duties and Provisions of Trust Deed

THE TRUST DEED

The Debentures will be issued in accordance with the Trust Deed dated 26 April 2001 between the Company and the Trustee, as amended from time to time and amended and restated on 29 November 2010 (the "Trust Deed"). Under a Supplemental Trust Deed dated 11 April 2005 between Beneficial Insurance Limited and the Trustee, Beneficial Insurance Limited guarantees the obligations of the Company and each other Charging Subsidiary under the Trust Deed. Under a Supplemental Trust Deed dated 7 September 2009 between Vehicle Funding Limited and the Trustee, Vehicle Funding Limited guarantees the obligations of the Company and each other Charging Subsidiary under the Trust Deed.

SECURITY

Subject to limited exceptions under "Prior Charges", the Debentures are secured by a first ranking security interest in favour of the Trustee over the present and future assets of the Company and any Charging Subsidiaries. This security interest ranks ahead of all other liabilities of Broadlands other than liabilities preferred by law or liabilities secured by permitted Prior Charges (as described under the heading 'Financial Ratios' below).

The Trustee holds this security on behalf of, and for the benefit of, all holders of Debentures from time to time. As at the date of this Prospectus, Beneficial Insurance Limited and Vehicle Funding Limited, wholly-owned Subsidiaries of Broadlands, are the only Charging Subsidiaries.

The Debentures are also secured by a guarantee and first ranking security interest, under the Supplemental Trust Deeds, in favour of the Trustee, over the present and future assets of Beneficial Insurance Limited and Vehicle Funding Limited.

TRUSTEE'S RESPONSIBILITY

The Trustee's duties are to hold the security interest over Broadlands' present and future assets on behalf of all investors, to receive reports as set out in the Trust Deed, and if necessary to enforce the Trust Deed and the Supplemental Trust Deeds on behalf of all investors. The Securities Regulations require the Trustee to exercise reasonable diligence:

- to ascertain whether a breach of the Trust Deed, Deed of Modification, the Supplemental Trust Deeds or the terms of this offer has occurred and, if material, to take steps to cause the breach to be remedied; and
- to ascertain whether or not the assets of the Charging Group are likely to be sufficient to repay the amount of investments as they fall due.

The Trustee confirms that the offer of Debentures complies with all relevant provisions of the Trust Deed. However, the Trustee notes that the Company failed to lodge its audited financial statements for the year to 31 March 2010 with the Trustee by 30 June 2010 as required under clause 6.1(a) of the Trust Deed. The Company sought, and was granted, a temporary waiver to allow time to complete the financial statements and its discussions with the auditors. However, following the expiry of that waiver without delivery of the financial statements, on 17 August 2010 Broadlands ceased allotting securities under its prior prospectus. The financial statements and an unqualified audit opinion were delivered to the Trustee on 20 August 2010, thereby remedying the breach of the Trust Deed.

The Trustee also notes that the form of Stock Certificate distributed to many investors does not contain the language specified in the Trust Deed required to be included under clause 2.13(a) of the Trust Deed. Broadlands has advised the Trustee that new Stock Certificates will contain the specified language but that Broadlands does not intend to replace all existing Stock Certificates on the grounds that it is impractical to do so. The Trustee has agreed to this and agreed to waive any technical breach of the Trust Deed on the grounds that it is satisfied that the interests of the Stockholder will not be materially prejudiced thereby.

The Trustee and its directors do not guarantee the repayment of the Debentures or the payment of interest thereon.

ENFORCEMENT

The Trust Deed provides for various events of default, which include:

- Non-payment of any Debentures or other funds owing under the Trust Deed on the due date.

APPENDIX 3

SUMMARY OF TRUSTEE'S DUTIES AND PROVISIONS OF TRUST DEED

- Breach of any of the obligations of Broadlands under the Trust Deed which is not remedied within 14 days after Broadlands became aware of it.
- Breach of any of the financial or negative covenants under the Trust Deed.
- Insolvency, creditor enforcement action, receivership, dissolution, amalgamation, statutory management, or cessation of business of Broadlands.
- Enforcement of a Prior Charge.
- Change in control of Broadlands without the prior consent of the Trustee.

If an event of default occurs, the Trustee may:

- declare the funds owing under the Trust Deed to become immediately due and payable;
- take possession of and realise the assets of Broadlands to repay the Debentures; and /or
- appoint a receiver.

MEETINGS OF STOCKHOLDERS

Meetings of the Stockholders can be called by Broadlands, the Trustee, or by Stockholders holding not less than 10% of the Debentures. Fourteen days' notice of each meeting must be given to the Stockholders.

A quorum for passing an Extraordinary Resolution is Stockholders present in person or by representative, holding more than 50% of the aggregate principal amount of the Debentures. A quorum for the transaction of any business other than passing of an Extraordinary Resolution is Stockholders present or by representative, holding at least 10% of the aggregate principal amount of the Debentures.

If a quorum is not present at any meeting and the meeting is adjourned, the Stockholders present in person or by proxy at the adjourned meeting will constitute a quorum.

A person appointed by the Trustee will be chairperson of the meeting and any Director, officer or solicitor of, or person authorised by, Broadlands or the Trustee may attend any meeting and has the right to speak at the meeting.

REGULAR REPORTS

To ensure that the Trustee is adequately informed, the following information must be provided:

- Audited financial statements, to be available within three months of the end of each financial year (unaudited within two months of the end of each financial year).

- Audited half year accounts, to be available within three months of the end of each half year. (Un-audited within two months of the end of each half year).
- More frequent financial statements, if the Trustee considers that there are special circumstances.
- Copies of all circulars, reports and other communications sent to the shareholder at or in relation to any meeting.
- Monthly management accounts within 30 days of the end of each month.
- Monthly reports within 30 days of the end of each month reporting on liquidity, asset quality, re-investment rates and any breaches by members of the Borrowing Group.
- Financial statements of any Subsidiaries.
- A quarterly certificate from the Directors certifying that interest and principal has been paid when due, that registers have been properly kept and that Broadlands has carried out its obligations under the Trust Deed. This certificate, which includes calculations of the financial ratios set out in the Trust Deed, must be given within six weeks after the end of each quarter.
- Independent reports from Broadlands' auditors, to be supplied to the Trustee semi-annually.
- Notice of changes in Subsidiaries (if there are any) and of various other events.

The Trustee has the right to obtain any information relating to Broadlands at all times.

In addition, Broadlands, being an issuer that continuously offers debt securities to the public and either lends money or provides financial services (but who is not a building society, credit union, or co-operative company), is required to comply with certain obligations under the Securities Regulations. The Securities Regulations relate, primarily, to the powers of trustees and issuers' obligations in respect of trustees. A brief outline of the additional obligations imposed on Broadlands under these regulations are discussed on page 19 under the heading 'Securities Regulations'.

FINANCIAL RATIOS

The Company covenants with the Trustee that it will not at any time:

1. Total Liabilities Limitation
Permit Total Liabilities to exceed 89% of Total Tangible Assets;
2. Stock and Prior Charges Ratio
Permit the aggregate of:
 - a. the Principal amount (excluding any amounts contingently owing) of all Debentures, including Security Stock;
 - b. the amount of Total Contingent Liabilities that are secured by

Security Stock (and for this purpose a certificate by the relevant Stockholder as to the amount of such liabilities shall be conclusive); and

c. the principal amounts outstanding under Prior Charges, to exceed the aggregate of:

- 95% of Total Readily Realisable Investments;
- 90% of Total Secured Receivables;
- 80% of Total Unsecured Receivables; and
- 60% of Total Other Tangible Assets;

3. Total Contingent Liabilities Ratio

Permit Total Contingent Liabilities to exceed 150% of Shareholders Funds;

4. Prior Charges Limitation

Borrow or raise any money on the security of any Prior Charge when the aggregate of all principal moneys then secured by existing Prior Charges plus the money so proposed to be borrowed or raised and secured would exceed 2% of Total Tangible Assets;

5. Minimum Capital Ratio

Permit the Capital Ratio to be less than 9%;

6. Related Party Exposures Ratio

Permit the Related Party Exposures Ratio to exceed 15%; or

7. Liquidity Requirements

Permit Liquid Assets to be less than:

- a. in respect of the period commencing on 1 December 2010 and ending on 30 November 2011, 3.5% of the aggregate principal amount of Stock outstanding at that time; and
- b. thereafter, 5% of the aggregate principal amount of Stock outstanding at that time.

Note: In this section, capitalised terms have the meaning given to them in the Trust Deed. A brief definition of some of these terms can be found in the Glossary on page 30. More detailed definitions can be found in the Trust Deed.

PRIOR CHARGES

The Trust Deed prohibits the Company and its Charging Subsidiaries from giving or permitting any security over their assets which ranks ahead of, or equally with, the Debentures, except securities which are given for money borrowed or raised or otherwise owing to finance the purchase or acquisition of assets (“Prior Security Interests”), which the Trust Deed permits to be given, provided the total of all money secured by existing Prior Security Interests plus the money to be borrowed or raised or otherwise owing and secured by Prior Security Interests will not exceed 2% of Total Tangible Assets (as defined in the Trust Deed).

Certain creditors may also be given preference over the Debentures by legislation if Broadlands becomes insolvent. Examples of these are liquidator’s costs, unpaid taxes, certain payments to employees and the claims of owners of goods acquired by Broadlands under retention of title or lease arrangements.

APPENDIX 4 CREDIT RATING

The creditworthiness of Broadlands has been rated by Standard & Poor's Ratings Service, an approved rating agency under section 157J of the Reserve Bank of New Zealand Act 1989.

On 25 February 2010, the local currency (New Zealand dollar) long term issuer credit rating assigned to Broadlands was BB- with negative outlook. The Company was also assigned a short term issuer credit rating of B. By announcement dated 8 December 2010, Standard & Poor's lowered the Company's long-term issuer credit rating from BB- to B. The outlook on the rating remains as negative. Standard & Poor's affirmed the Company's short term credit rating as B. Under a long term issuer credit rating, an obligor rated 'B' is more vulnerable to adverse business, financial and economic conditions but currently has the capacity to meet financial commitments. Under a short term issuer credit rating, an obligor rated 'B' is regarded as vulnerable and has significant speculative characteristics.

A summary of the general ratings categories as published by Standard and Poor's is as follows:

AAA	Extremely strong capacity to meet financial commitments. Highest Rating.
AA	Very strong capacity to meet financial commitments.
A	Strong capacity to meet financial commitments, but somewhat susceptible to adverse economic conditions and changes in circumstances.
BBB	Adequate capacity to meet financial commitments, but more subject to adverse economic conditions.
BB	Less vulnerable in the near-term but faces major ongoing uncertainties to adverse business, financial and economic conditions
B	More vulnerable to adverse business, financial and economic conditions but currently has the capacity to meet financial commitments
CCC	Currently vulnerable and dependent on favourable business, financial and economic conditions to meet financial commitments
CC	Currently highly vulnerable
C	Currently highly vulnerable obligations and other defined circumstances
D	Payment default on financial commitments

The Company's credit rating and further information about Standard & Poor's credit ratings can be obtained from www.standardandpoors.com.

A copy of the latest ratings press release is available on Broadlands' website at www.broadlands.co.nz

Broadlands recognises that the independent rating is an important factor for investors and the Company remains committed to improving the rating over time.

The ratings assigned to Broadlands are statements of opinion issued by Standard & Poor's Ratings Service. They are not statements of fact, an endorsement of Broadlands, nor a recommendation to buy, hold or sell securities.

APPENDIX 5 TRUSTEE'S STATEMENT



Trustees Executors

Level 12 45 Queen Street PO Box 4197 Auckland New Zealand
TEL 09 308 7100 DDI 09 308 7116 FAX 09 308 7101
Email: shahazad.contractor@trustees.co.nz

5 September 2011

The Directors
Broadlands Finance Limited
445 Karangahape Road
Newton
AUCKLAND

Dear Sirs

BROADLANDS FINANCE LIMITED - Prospectus dated 5 September 2011

Clause 14(3) of Schedule 2 to the Securities Regulations 2009 requires us to confirm that the offer of securities (the "Securities") set out in this Prospectus complies with any relevant provisions of the Trust Deed dated 26 April 2001, as amended by the deed of modification dated 3 October 2002, the Supplemental Trust Deeds dated 11 April 2005 and 7 September 2009, and as amended and restated on 29 November 2010 (the "Trust Deed"). The relevant provisions are those which:

- I. entitle Broadlands Finance Limited to constitute and issue under or with the benefit of the Trust Deed (as the case may be) the Securities offered in the Prospectus; and
- II. impose restrictions on the right of Broadlands Finance Limited to offer the Securities;

and are described in the summary of the Trust Deed in Appendix 3 of the Prospectus.

The Auditors have reported on the financial information set out in the Prospectus and our statement does not refer to that information or to any other material in the Prospectus which does not relate to the Trust Deed.

We confirm that the offer of the Securities set out in the Prospectus complies with any relevant provisions of the Trust Deed. We have given the above confirmation on the basis:

- (a) set out above; and
- (b) that, subject to the duties imposed on the Trustee by Schedule 15 of the Securities Regulations 2009, the Trustee relies on the information supplied to it by Broadlands Finance Limited pursuant to the Trust Deed and does not carry out an independent check of that information.

Trustees Executors Limited does not guarantee the repayment of the Securities or the payment of interest thereon.

Yours sincerely
TRUSTEES EXECUTORS LIMITED

Shahazad Contractor
CORPORATE BUSINESS MANAGER
CORPORATE TRUST

APPENDIX 6 AUDITOR'S REPORT



The Board of Directors
Broadlands Finance Limited
Level 3, 445 Karangahape Road
Newton
AUCKLAND
1145

5 September 2011

Dear Directors

As the independent auditor of Broadlands Finance Limited (“the company”), and in accordance with the requirements of the Securities Act 1978 and clause 22 of Schedule 2 of the Securities Regulations 2009, we report as follows

We have prepared this report for inclusion in a prospectus to be dated 5 September 2011 and for no other purpose.

Report of the Independent Auditor on Financial Statements, Summary Financial Statements and the Ranking of Securities included in the Prospectus

Audit of the Financial Statements

We have audited the financial statements of the company and its guaranteeing subsidiaries (“Charging Group”) pages 5 to 49 of Appendix 2 which comprise the statement of financial position as at 31 March 2011, and the statement of comprehensive income, statement of changes in equity and cash flow statements for the year then ended, and a summary of the significant accounting policies and other explanatory information on pages 9 to 18 of Appendix 2. These financial statements are provided pursuant to clause 17 of Schedule 2 of the Securities Regulations 2009. Those financial statements, and the summary financial statements, do not reflect the effects of events that have occurred subsequent to the date of our reports on each year’s financial statements. We expressed an unmodified opinion on the financial statements for the year ended 31 March 2011 on 5 September 2011.

Audit of the Summary Financial Statements

We have audited the summary financial statements of the Charging Group on pages 33 to 36 of Appendix 1 which comprise a summary of statements of financial position, statements of comprehensive income, statements of changes in equity and a summary of cash flow statements for the years ended 31 March 2011, 2010, 2009, 2008 and 2007 which have been taken from financial statements and are provided pursuant to clause 17 of Schedule 2 of the Securities Regulations 2009. We expressed an unmodified opinion on the summary financial statements for the year ended 31 March 2011 on 5 September 2011.

Audit

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APPENDIX 6 AUDITOR'S REPORT



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The Charging Group financial statements for the years ended 31 March 2010, 2009 and 2008 were audited by another auditor. Although unmodified opinions were issued for each of these years on 20 August 2010, 29 June 2009 and 26 September 2008 respectively, they all contained an emphasis of matter clause that drew attention to the carrying amount of goodwill arising from the acquisition of Beneficial Insurance Limited and the amounts reported for finance receivables.

The predecessor auditor drew attention to the fact that a decision to not impair the goodwill amount reported was based on the "value in use" of the goodwill as calculated using a discounted cash flow methodology which required the directors to make some key assumptions, which if subsequently deemed inappropriate may require impairment of the reported amount of goodwill.

In addition, the predecessor auditor also drew attention to the fact that the gross finance receivables amount reported in the statement of financial position was based on the forecast of future discounted cash flows from various finance receivable categories, and from the residual value of certain finance receivable categories, and from the realisation of underlying securities. This auditor also drew attention to the fact that the assessment of impairment was based on methodologies and estimates that reflect management's and the Directors' past experience and expectations of the future cash flow performance of the various finance receivable categories, noting that future cash flows and the realisation of securities from finance receivables are inherently uncertain. Given the economic climate at the time of issuing the opinion, these uncertainties are fundamental to their recoverability. The predecessor auditor reported that in the event actual cash flows do not meet the forecasts, further impairment allowances would be required, but they were, at the time of issuing their opinions for the years ended 31 March 2010, 2009 and 2008, unable to estimate the impact of this uncertainty on the calculation of the impairment allowance.

Another auditor was responsible for the 31 March 2007 audit of the company and the Charging Group and they issued an unmodified opinion on them on 6 September 2007.

The summary financial statements do not contain all the disclosures required for full financial statements under generally accepted accounting practice in New Zealand. Reading the summary financial statements therefore is not a substitute for reading the audited financial statements of the Charging Group.

Audit of the Ranking of Securities

We have also undertaken procedures to provide reasonable assurance that the details and amounts in respect of the ranking of securities of the company on pages 26 and 27 pursuant to clause 13 of Schedule 2 of the Securities Regulations 2009, have been correctly taken from the audited financial statements of the company as at 31 March 2011.

Directors' Responsibilities for the Financial Statements

The Directors are responsible for the preparation and presentation of financial statements which give a true and fair view of the financial position of the company and Charging Group as at 31 March 2011 and its financial performance and cash flows for the year ended on that date as required by clause 17 of Schedule 2 of the Securities Regulations 2009.

APPENDIX 6 AUDITOR'S REPORT



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Directors' Responsibilities for the Summary Financial Statements

The Directors are responsible for the summary financial statements of the Charging Group for the years ended 31 March 2011, 2010, 2009, 2008 and 2007 as required by clause 8 of Schedule 2 of the Securities Regulations 2009 in accordance with FRS-43: *Summary Financial Statements* (FRS-43).

Directors' Responsibilities for the Ranking of Securities

The Directors are responsible for providing details and amounts in respect of the ranking of securities of the company as at 31 March 2011 as required by clause 13 of Schedule 2 of the Securities Regulations 2009.

Auditor's Responsibilities on the Financial Statements

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the company and Charging Group financial statements are free from material misstatement. We are also responsible for reporting our opinion in accordance with clause 22(1) of Schedule 2 of the Securities Regulations 2009.

Auditor's Responsibilities on the Summary Financial Statements

We are also responsible for reporting, in accordance with clause 22(1)(h) of Schedule 2 of the Securities Regulations 2009, on the amounts included in the summary financial statements for the years ended 31 March 2011, 2010, 2009, 2008 and 2007 which were conducted in accordance with International Standard on Auditing (New Zealand) (ISA (NZ) 810 *Engagements to Report on Summary Financial Statements*).

We report that for the years ended 31 March 2010, 2009 and 2008 the predecessor auditor included an emphasis of matter paragraph that drew attention to the carrying amount of goodwill arising from the acquisition of Beneficial Insurance Limited and the amounts reported for finance receivables may require adjustment if the key assumptions used to generate the amounts reported were subsequently assessed to be inappropriate. With the passage of time, our view is the amounts that were reported at each balance date were appropriate.

Auditor's Responsibilities on the Ranking of Securities

We are also responsible for reporting, in accordance with clause 22(1)(h) of Schedule 2 of the Securities Regulations 2009 on the details and amounts in respect of the ranking of securities as at 31 March 2011 prepared and presented by the Directors.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view of the matters to which they relate in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes

APPENDIX 6 AUDITOR'S REPORT



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evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Other than in our capacity as auditor we have no relationship with, or interests in the company or the Charging Group.

This report has been prepared for inclusion in the prospectus for the purpose of meeting the requirements under clause 22(1) of Schedule 2 of the Securities Regulations 2009. We disclaim any assumption of responsibility for reliance on this audit report, or the amounts included in the financial statements, the summary financial statements or the details and amounts in respect of the ranking of securities for any other purpose other than that for which this report has been prepared. In addition, we take no responsibility for, nor do we report on, any aspect of the prospectus not mentioned in this report.

The audited financial statements and the summary financial statements do not reflect the effects of events that occurred subsequent to the date of our reports on each period's financial statements.

Opinion on the Financial Statements

In our opinion the financial statements, on pages 5 to 49 of Appendix 2, that are provided pursuant to clause 17 of Schedule 2 of the Securities Regulations 2009, and that are required to be audited, have been drawn up to:

- comply with the Securities Regulation 2009;
- subject to those Regulations, comply with generally accepted accounting practice in New Zealand; and
- give a true and fair view of the financial position of the company and Charging Group as at 31 March 2011 and its financial performance and cash flows for the year ended on that date.

Opinion on the Summary Financial Statements

In our opinion the amounts set out in the summary financial statements on pages 33 to 36 of this prospectus, stated pursuant to clause 8 of Schedule 2 of the Securities Regulations 2009 have been correctly taken from the audited financial statements of the Charging Group for the years ended 31 March 2011, 2010, 2009, 2008 and 2007 and are consistent, in all material respects with those financial statements in accordance with FRS-43.

It should be noted that emphasis of matter paragraphs were present in the audit opinions issued on the financial statements for the years ended 31 March 2010, 2009 and 2008, but with the passage of time the estimates, judgements and assumptions made by management and directors at the time the financial statements were issued have subsequently been seen

APPENDIX 6 AUDITOR'S REPORT



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to be appropriate and no further adjustment to the summary financial statements in our opinion is deemed necessary or appropriate.

Opinion on the Ranking of Securities

In our opinion the details and amounts set out in respect of the ranking of securities, on pages 26 and 27 of this prospectus as required by clause 13 of Schedule 2 of the Securities Regulations 2009, as at 31 March 2011 has been correctly taken from the audited financial statements of the company from which they were extracted.

Report of the Independent Auditor on Other Legal and Regulatory Requirements

Per the Financial Reporting Act 1993:

- We have obtained all the information and explanations that we have required.
- In our opinion proper accounting records have been kept by the company as far as appears from our examination of those records.

Yours faithfully

Grant Thornton

Grant Thornton New Zealand Audit Partnership
Auckland, New Zealand
5 September 2011

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Directory

REGISTERED OFFICE AND REGISTRAR

Broadlands Finance Limited

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Newton

Auckland 1010

Freepost 155-106

PO Box 68548

Newton

Auckland 1145

Investments: 0800 27 62 35

DIRECTORS

As at the date of this Prospectus, the Directors are:

Anthony S Radisich

Auckland

Nigel P Smith

Auckland

Timothy I M Storey

Auckland

Directors may change from time to time. Communications to Directors may be made through the Company's Registered Office.

AUDITORS

Grant Thornton New Zealand Audit Partnership

PO Box 1961

Shortland Street

Auckland 1040

TRUSTEES

Trustees Executors Limited

Level 12

45 Queen Street

Auckland 1010

BANKERS

Westpac Bank Limited

Otahuhu, Auckland

CONSULTING ACTUARY

Davies Financial and Actuarial Limited

PO Box 35-258

Browns Bay

Auckland 0753

TAX ACCOUNTANTS

nsaTax Limited

PO Box 3697

Auckland 1140

SOLICITORS

Bell Gully

171 Featherston Street

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BROADLANDS

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