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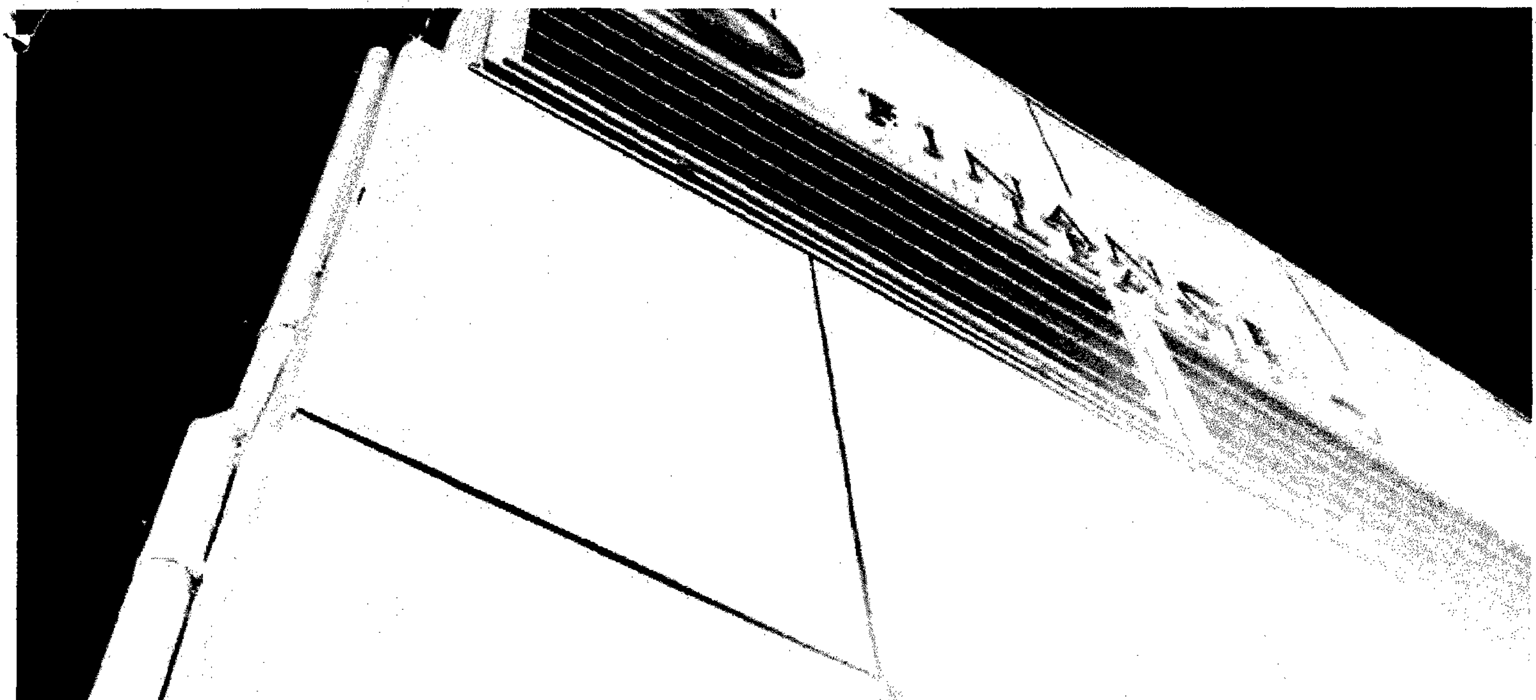
FINANCE AND LEASING

Prospectus 2010

Finance and Leasing Limited
Prospectus for the offer of Debenture Stock and Unsecured Deposits
23 September 2010



Finance and Leasing Limited (**Finance and Leasing** or the **Company**) is run by two well-known Christchurch businessmen. Finance and Leasing has a stable client base that is centred around the local business community, however, 51% of business by value now emanates from the North Island. Finance and Leasing has been in operation for more than 28 years.

Kipp Alexander B.Com.CA
Executive Director

Kipp is the founder of Finance and Leasing and, as Executive Director, is involved in the daily running of Finance and Leasing. As a Chartered Accountant in public practice, Kipp operates a well established Chartered Accountancy Practice in the Canterbury region which has a client base that encompasses a wide range of business activities. Through his involvement with Finance and Leasing, Kipp has had broad experience in funding property development, including commercial property and residential subdivisions, and providing consultancy services in business finance. This provides Finance and Leasing with a knowledgeable advantage in the marketplace.

Graeme Marriott B.Com.CA
Director

Graeme is a Chartered Accountant in public practice. His experience is in business consulting, management accounting and taxation. This enables him to review and access business propositions and commercial property investments with a keen eye for any risk, security or governance issues. He has a long-standing business reputation for working closely with clients to develop business and financial goals, preparing business plans and using business tools to measure progress towards achievement of those goals. Graeme maintains a rigorous monitoring role in all of the Finance and Leasing investment portfolios.

A few words from the Executive Director - Kipp Alexander

Difficult economic conditions are affecting business generally and Finance and Leasing is no exception and is experiencing a very soft year. The difficulties faced by several larger financial institutions' have had a dampening effect on the entire industry. We believe that the conditions require a measured response and, until the credit market sorts itself out, we have deliberately reduced our lending.

On a re-assuring note, we hold first ranking security charges over the majority of our loans, and although we may not elude some losses, the control over these loans remains with us, which is a distinct advantage. Second ranking secured loans across the marketplace are generally showing greater losses from impairment provisioning. Whilst we have our share of such loans, our relatively small size and number of loans, reduces our vulnerability to market forces.

Naturally, we look forward to this current period being behind us, when there will be a return to normality to the credit market. This will require the perception that depositors and borrowers have of risk to subside, and for them to feel comfortable once more about resuming the 'normal transmission' of capital from investors.

Finance and Leasing operates under the Reserve Bank's 'Non-Bank Deposit-Taker' (NBDT) regime. Providing our liabilities are under $20 million, this eliminates the need and expense of seeking a credit rating from a rating agency. We are comfortable with the new Reserve Bank regulations that are effective from 1 December 2010. We note that for those NBDTs without a credit rating the minimum capital ratio specified in the Trust Deed must be at least 10%. 'Related party loans' will be restricted to 15% of the company's capital and companies are required to have two independent directors. Currently, we have one independent director.

Overall, these more restrictive operating rules should help to instil confidence in the financial sector.

Our major goals going forward are:

We aim to retain the longstanding loyal depositor base that we are very fortunate to have, by being accessible to our investors. This loyalty underpins our reinvestment rates which are very high by industry standards at around 73% year-to-date. We hope and plan for this to continue.

The continued support of Pita and Paul Alexander, together with Wealth Management, is greatly appreciated and we intend to sustain their confidence through prudent lending and loan management. Their cash and management contributions are important to the company now and also going forward.

We intend to maintain conservative funding strategies:

(a) The company has no trading bank trading lines. This reduces the pressure that can be exerted on us in harder financial times. Banks basically want to ensure their money is repaid before anyone else — we don't have these problems and we want to keep it this way.

(b) The company is also less vulnerable to outside financial pressure because we currently have no 'prior charges'. This adds to the company's well being and security as no other interested party has first access to loan repayments. Again, we would like to keep it this way — although going forward, when normality returns, we will consider installing standby credit lines which are often secured with 'prior charges.'

The slow year has made the level of profitability for 2010-2011 hard to predict. However, we do see better, less confused times ahead as loans are repaid and new loans with higher security margins are undertaken. The marketplace will also be rationalised and, in due course there will be more robust activity for those who can work their way through the current troubled phase.

Thank you for your ongoing support. Finance and Leasing is in a much better position than most in our industry as a direct result of your support. Our goals remain achievable.

D K Alexander
Executive Director
B.Com.CA

Directory

ISSUER AND SECURITIES REGISTRAR
Finance and Leasing Limited

REGISTERED OFFICE
154 Tuam Street
Christchurch 8011

Postal address:
PO Box 5211
Papanui
Christchurch 8542
Telephone: (03) 379 7688
Facsimile: (03) 366 9089

DIRECTORS
David Kipp Alexander B.Com. CA.
Chartered Accountant
Executive Director
154 Tuam Street
Christchurch 8011

Graeme John Marriott B.Com. CA.
Chartered Accountant
Director
8e Balmoral Lane
Christchurch 8081

The Directors can be contacted at:
154 Tuam Street,
Christchurch 8011

COMPANY INCORPORATION DATE
23 April 1980

COMPANY ACCOUNTANT/MANAGER
DK Alexander B.Com. CA.
Chartered Accountant

COMPANY'S SOLICITOR
Cavell Leitch Pringle & Boyle
Level 15
Clarendon Tower
Corner Oxford Terrace and Worcester Street
Christchurch 8011

Lane Neave Lawyers
Level 15
PricewaterhouseCoopers Centre
119 Armagh Street
Christchurch 8011

TRUSTEE
Perpetual Trust Limited
233 Cambridge Terrace
Christchurch 8011

AUDITOR
Martin Wakefield
Chartered Accountants
26 Canon Street
Timaru 7910

COMPANY TRADING BANK
Bank of New Zealand
Sydenham Branch
Business Division
Christchurch

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Matters required to be disclosed pursuant to Schedule 2 of the Securities Regulations 2009

Important Information

IMPORTANT DOCUMENT

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

A copy of this Prospectus, 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 and regulation 18 of the Securities Regulations (being the Auditor's report and consent and the Trustee's Statement) was delivered to the New Zealand Registrar of Companies, Companies Office, Ministry of Economic Development, Level 18, ASB Bank Centre, 135 Albert Street, Auckland, for registration under section 42 of the Securities Act

DEFINITIONS

Capitalised terms used in this Prospectus have defined meanings which appear in the Glossary on page 45 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 Debenture Stock and Unsecured Deposits, particularly with regard to their personal circumstances (including financial and tax issues). The principal risks associated with an investment in Debenture Stock and Unsecured Deposits are set out on pages 13 to 19.

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 acquire Debenture Stock or Unsecured Deposits or financial product advice. Before applying for Debenture Stock or Unsecured Deposits, an investor should consider whether such an investment is appropriate to their particular needs, after considering their individual risk profile for investments, investment objectives and individual financial circumstances. If an investor is in any doubt about the contents of this Prospectus or whether this investment is appropriate for them, the investor should consult their financial adviser, solicitor, accountant or other professional adviser.

PROSPECTIVE STATEMENTS

No person named in this Prospectus, including the Directors, the Trustee, the Auditor, nor any of their respective directors, officers or employees, nor any other person makes any promise as to the future performance of Finance and Leasing.

PRIVACY ACT

Any personal information provided by investors will be held by the Company at its registered office, the address of which is shown in the Directory on page 2 or such other place as is notified upon request. This information will be used for the purpose of managing the investor's investment in Debenture Stock and/or Unsecured Deposits. Under the Privacy Act 1993, any investor has the right to access and correct any personal information held about them.

GOVERNING LAW

This Prospectus and the Offer are governed by the laws of New Zealand. Each investor submits to the exclusive jurisdiction of the courts of New Zealand.

All legislation referred to in this Prospectus can be viewed free of charge at www.legislation.govt.nz.

FURTHER INFORMATION

Further information about the Debenture Stock and Unsecured Deposits is available in Finance and Leasing's current Investment Statement, a copy of which can be obtained from Finance and Leasing's registered office, the address of which is shown in the Directory on page 2.

NO GUARANTEE

Investors' attention is drawn to the fact that as at the date of this Prospectus, Finance and Leasing does not have a guarantee under a Crown Retail Deposit Guarantee Scheme. For further information please see page 17 of this Prospectus.

1 Main Terms of the Offer

1.1 This Prospectus details an offer by the issuer, Finance and Leasing, to the public of New Zealand for the issue of up to $20,000,000 registered secured debenture stock (**Debenture Stock**) and Unsecured Deposits (**Offer**). Finance and Leasing's registered office is set out in the directory on page 2.

1.2 The Offer will open for subscriptions on 27 September 2010 and will remain open until fully subscribed. Finance and Leasing may close the Offer at any time.

1.3 **Security for Debenture Stock:**

1.3.1 Under the Trust Deed, the Debenture Stock is secured by a first ranking security interest in favour of the Trustee over the assets of Finance and Leasing, subject to Prior Charges (as at the date of this Prospectus currently none), claims given priority by law, and the fees and expenses of the Trustee.

1.3.2 No subsequent charges may be created by Finance and Leasing that rank equally or behind the Debenture Stock without the consent of the Trustee.

1.4 **Investment Options:**

1.4.1 *Debenture Stock:* There are three options for an investor who wants to invest in Debenture Stock:

(a) Fixed Term - This is a secured investment that allows you to invest at competitive rates of interest for fixed terms ranging from 12 months to five years;

(b) At Call - This is a secured investment that allows you to invest at competitive rates of investment, redemption of which will be made on the day you direct, providing at least 24 hours notice is given; and

(c) Selected Maturity Date - If an investor decides to specify a date for investment maturity on the Application Form, the interest rate will be based on the nearest shorter term.

1.4.2 *Unsecured Deposits:* There are two options for an investor who wants to invest in Unsecured Deposits:

(a) Fixed Term - An unsecured deposit allows an investor to invest at competitive rates of interest for fixed terms ranging from 12 months to 24 months; and

(b) Selected Maturity Date - If an investor decides to specify a date for investment maturity on the Application Form, the interest rate will be based on the nearest shorter term.

1.5 **Register and Transfer:**

1.5.1 The Register of Debenture Stock and Unsecured Deposits will be maintained at the office of Finance and Leasing. Transfers of Debenture Stock and Unsecured Deposits in multiples of $1,000 may occur in the form commonly used for the transfer of securities.

1.5.2 No transfer may be registered during the 14 days immediately preceding any date on which interest is payable.

1.6 **Emergency Withdrawal Before Due Date:** When we offer an interest rate for a particular term, we do so on the basis that the funds will be invested for the full term. However, Finance and Leasing will consider applications for early repayment in the following circumstances:

1.6.1 *Deceased Estates:* Upon written request and in the event of the death of a sole investor, Finance and Leasing will, following three months written notice, repay to the deceased person's legal representative, the whole amount or a sufficient proportion of the investment not exceeding $25,000, as may be required to meet funeral expenses;

1.6.2 *Superannuation Funds:* Trustees of superannuation schemes, funds, provident or other similar funds will, upon three months written notice, be permitted to withdraw in any one calendar year, up to 10% of the amount then invested; and

1.6.3 *Special Circumstances:* In the case of hardship or emergency through unforeseen or exceptional circumstances, early redemption may be made at Finance and Leasing's discretion. Interest on any amounts withdrawn before the due date may be adjusted to the rate applicable to the period during which the investment has been held by Finance and Leasing. In addition, a handling fee of $50 may be incurred.

1.7 The securities being offered by Finance and Leasing are Debenture Stock and Unsecured Deposits, with a maximum aggregate principal amount of up to $20,000,000. The Debenture Stock and Unsecured Deposits will be issued at face value, being $1 per Debenture Stock/Unsecured Deposit.

1.8 The minimum amount of Debenture Stock or Unsecured Deposits which may be applied for is $1,000.

2 Name and Address of Offeror

Not applicable.

3 Details of Incorporation of Issuer

3.1 Finance and Leasing was incorporated on 23 April 1980 under the provisions of the Companies Act 1955 as Finance and Leasing (Cant'y) Limited, and re-registered to become a company under the Companies Act 1993 on 11 September 1996. The company was renamed Finance and Leasing Limited on 10 June 1986.

3.2 The Company is registered under Company Number 140308. The public file relating to the registration of Finance and Leasing is kept by the Companies Office. This may be accessed by searching on the Companies Office website, the address of which is www.companies.govt.nz.

4 Guarantors

4.1 Finance and Leasing does not have a guarantee under a Crown Retail Deposit Guarantee Scheme.

4.2 There are no guarantors of Finance and Leasing's obligations in respect of the Debenture Stock and Unsecured Deposits. None of Finance and Leasing's directors, officers, or employees, nor the Trustee, the Auditor nor any of their respective directors, officers or employees nor any other person guarantees the payment of principal or interest due in respect of the Debenture Stock or Unsecured Deposits, or the amount of returns which investors may receive as holders of Debenture Stock or Unsecured Deposits.

5 Names, Address, and Other Information

5.1 The names and addresses of the current directors of Finance and Leasing are detailed in the Directory on page 2. The directors can be contacted at the registered office of Finance and Leasing.

5.2 Kipp Alexander, a director of Finance and Leasing, is also an employee of Finance and Leasing, holding the position of Executive Director.

5.3 The names and addresses of the auditor, solicitors, and other professional advisers are detailed in the Directory on page 2.

5.4 There are no experts named in this Prospectus.

5.5 The Offer is not being underwritten.

5.6 The name and address of the Trustee is detailed in the Directory on page 2.

6 Restrictions on Directors' Powers

Other than those transactions to be approved by the Directors where shareholder approval is also required by the provisions of the Companies Act 1993, there are no modifications, exceptions or limitations on the powers of the Board of Finance and Leasing imposed under the Companies Act 1993 or Finance and Leasing's Constitution, and in force at the date of this Prospectus.

7 Description of Activities of Borrowing Group

7.1 The key activity of Finance and Leasing in the five years preceding the date of this Prospectus is securing financial returns by investing funds in client activities including property development and asset acquisition and retention. Finance and Leasing concentrates on loans exceeding $5,000.

7.2 Finance and Leasing's principal assets are finance receivables, and office equipment, computer hardware, furniture and fittings used to carry on Finance and Leasing's business activities. These principal assets are charged to the Trustee as security for the Debenture Stock.

7.3 The principal assets of Finance and Leasing, referred to above, are subject to obligations in favour of the Trustee that restrict Finance and Leasing's ability to deal with the principal assets. The limitations imposed on Finance and Leasing's ability to deal with these principal assets are outlined at page 9 of this Prospectus.

8 Summary Financial Statements

Summary financial statements of Finance and Leasing in respect of the five consecutive financial years ended 31 March 2010, being the date of the last audited financial statements of Finance and Leasing, are set out at pages 20 and 21of this Prospectus.

9 Acquisition of Business or Subsidiary

Finance and Leasing has not acquired a business or a subsidiary at any time in the two years preceding the date of this Prospectus.

10 Material Contracts

Finance and Leasing has not entered into any material contracts at any time in the two years preceding the date of this Prospectus.

11 Pending Proceedings

There are no legal proceedings or arbitrations pending at the date of this Prospectus.

12 Issue Expenses

12.1 **Issue Expenses:** Issue expenses are estimated to be $25,000. This includes auditing and printing and is payable by Finance and Leasing.

12.2 **Brokerage Payment:** Brokerage is not payable by the investors but Finance and Leasing does pay brokerage at rates agreed between Finance and Leasing and a reputable broking firm. Current brokerage rates are:

12.2.1 Term Funds: 1.0%; and

12.2.2 Call Funds: 0.5%.

13 Ranking of Securities

13.1 Ranking of Securities:

13.1.1 *Debenture Stock:*

(a) Debenture Stock issued pursuant to this Offer will rank equally with all other Debenture Stock, issued primarily or subsequently by Finance and Leasing under the Trust Deed.

(b) The aggregate amount of Debenture Stock on issue as at 31 March 2010 was $18,125,820.

(c) Except for Prior Charges (as at the date of this Prospectus currently none), claims given priority by law, and Trustees' fees and expenses, there are no securities that rank ahead of the Debenture Stock.

13.1.2 *Unsecured Deposits:*

(a) Unsecured Deposits issued pursuant to the Trust Deed are not secured by the security interest over the assets of Finance and Leasing by the Trustee, as set out above.

(b) There were no Unsecured Deposits on issue as at 31 March 2010.

(c) Unsecured Deposits rank behind:

(i) all funds owed in respect of Prior Charges over Finance and Leasing;

(ii) all Debenture Stock on issue now and in the future;

(iii) a third ranking security over the assets and undertaking of Finance and Leasing in favour of South Canterbury Finance Limited, for a facility which was drawn to $270,184 as at 31 March 2010; and

(iv) any subsequent charges ranking in higher priority pursuant to the Trust Deed.

(d) Unsecured Deposits rank equally with all other unsecured creditors of Finance and Leasing existing now or at any time in the future.

14 Provisions of the Trust Deed and other restrictions on borrowing group

14.1 **Summary of the Trust Deed:** The Debenture Stock and Unsecured Deposits are issued, and the Debenture Stock is secured by a Trust Deed dated 20 October 1986 (as amended by a Deed of Variation to Debenture Trust Deed dated 19 November 1996 and a PPSA Covering Deed dated 13 November 2002) (**Trust Deed**), between Finance and Leasing and Perpetual Trust Limited (**Trustee**).

14.2 The Trustee is appointed for the benefit of investors. The Trust Deed specifies the terms of the trust relationship between Finance and Leasing, the Trustee and the Investor.

14.3 The information contained in this section in relation to the Trust Deed is a summary of the main provisions of the Trust Deed. A full copy of the Trust Deed can be viewed at Finance and Leasing's registered office, the details of which are set out on the Directory at page 2, or viewed on the Company's Office website www.companies.govt.nz. Defined terms used in this section have the meanings given to them in the Trust Deed.

14.4 **Security and Ranking:**

14.4.1 Under the Trust Deed, Debenture Stock is secured by a first ranking Security Interest (subject to any permitted Prior Charges) over all the assets of Finance and Leasing, in favour of the Trustee for the benefit of the holders of Debenture Stock.

14.4.2 Debenture Stock will rank equally with all debenture stock previously issued, or debenture stock that Finance and Leasing may issue in the future.

14.4.3 Finance and Leasing commits in the Trust Deed not to allow any charges or security interests which would rank in priority to those given to the Trustee under the Trust Deed, except for Prior Charges that are permitted under the Trust Deed and other charges created and given priority by legislation.

14.4.4 The Trust Deed allows the creation of Prior Charges provided that the aggregate of all amounts secured under Prior Charges does not exceed 7.5% of the amount of the Total Tangible Assets of Finance and Leasing,

14.5 **Restrictions under the Trust Deed:** The Trust Deed places various restrictions on Finance and Leasing. The following restrictions are among the most important restrictions:

14.5.1 The total liabilities of Finance and Leasing must not exceed 12 times the Adjusted Shareholders Funds.

14.5.2 Finance and Leasing must not permit the total Debenture Stock on issue at any time, plus the principal amounts outstanding under any Prior Charges, to exceed the aggregate of:

(a) 96% of First Category Assets;

(b) 85% of Second Category Assets;

(c) 70% of Third Category Assets;

(d) 40% of Total Other Tangible Assets; and

(e) 70% of the amount by which the nominal amount of security held by each holder of Debenture Stock, exceeds the amount actually owing to the holder of the Debenture Stock.

14.5.3 Finance and Leasing must obtain the written consent of the Trustee prior to making a loan to any related company/person, unless such loan is secured by a fixed charge or security interest over the assets of the borrower, the value of which will not at any time be less than 125% of the amount of the loan.

14.5.4 Finance and Leasing must not, without the prior written consent of the Trustee, dispose of any part of its undertaking or assets to any non-charging subsidiary or any related company otherwise than for full consideration in the ordinary course of business, such consideration to be paid either wholly or partly in cash on settlement, and any portion not paid in cash must be secured to the satisfaction of the Trustee.

14.5.5 Finance and Leasing may not, without the prior written consent of the Trustee, make any alteration to the nature of its business as carried on at the date of the Trust Deed.

14.5.6 Finance and Leasing must not without the prior written consent of the Trustee, whether by a single transaction or a series of transactions, sell the whole or any substantial part of its undertaking and assets.

14.5.7 Finance and Leasing must not, without the prior written consent of the Trustee, provide a guarantee or security for the obligations of any related company or any non-charging subsidiary, except in the ordinary course of business, and which does not cause the total contingent liability of the Borrowing Company under such guarantees and securities to exceed 7.5% of the Total Tangible Assets.

14.5.8 Finance and Leasing must not, without the prior written consent of the Trustee, make any loan or series of loans or enter into any series of transactions in favour of any one borrower, where the aggregate amount loaned to that borrower exceeds 10% of the Total Tangible Assets of the Borrowing Company, provided that such consent shall not be required where the borrower is a bank or clause 14.5.3 applies.

14.6 **Trustee Responsibilities:**

14.6.1 Some of the important duties of the Trustee under the Trust Deed include:

(a) monitoring compliance and performance by Finance and Leasing of all its duties and obligations under the Trust Deed;

(b) receiving and considering the financial reports as prepared and presented by Finance and Leasing and its Auditor;

(c) to exercise the duties described in Schedule 15 to the Securities Regulations 2009, the Trustee is required to exercise reasonable diligence to:

(i) determine whether or not any breach of the Trust Deed or the terms of this offer has occurred, and, in such circumstances, to assess whether or not the breach is prejudicial and requires remedial action;

(ii) assess whether or not the assets and undertakings of Finance and Leasing are likely to be sufficient to repay the deposits, other monies and secured stock as it becomes due for repayment; and

(iii) in respect of Debenture Stock;

(A) to oversee and manage the charges required and to ensure they are properly created and registered; and

(B) to exercise, at their discretion, the enforcement of the security created by the Trust Deed, in the circumstances set out in the Trust Deed.

14.7 **Indemnities:** The Trust Deed provides for certain indemnities to the Trustee which rank in priority to the claims of Debenture Stock and Unsecured Deposit holders.

14.8 **Breach of Trust Deed and Waiver:** In March 2010, Finance and Leasing breached clause 6.01, being the 'Stock and Prior Charge Limitation' covenant of the Trust Deed, resulting from increasing the provision for impairment of the assets of the Company. Pursuant to clause 9.03 of the Trust Deed, the Trustee provided a waiver to the breach of clause 6.01 on the basis it is not materially prejudicial to the interests of holders of Debenture Stock and Unsecured Deposits, as the breach was remedied in July 2010 primarily by a decline in Debenture Stock.

14.9 **No Restrictions:** There are no restrictions on the ability of Finance and Leasing to borrow that result from any undertaking given, or contract or deed entered into, by the Company and that are not set out elsewhere in this Prospectus.

Perpetual
Since 1884

23 September 2010

The Directors
Finance & Leasing Limited
154 Tuam Street
CHRISTCHURCH

Dear Sirs

TRUSTEE STATEMENT

As required by Clause 14(3) of Schedule 2 of the Securities Regulations 2009, we confirm that the offer of Debenture Stock and Unsecured Deposits ("the Securities") set out in the Prospectus complies with any relevant provisions of the Trust Deed dated 20 October 1986 (as amended). These provisions are those which:

(i) Entitle Finance & Leasing Limited to constitute and issue under the Trust Deed the Securities offered in the Prospectus.

(ii) Impose restrictions on the right of Finance & Leasing Limited to offer the Securities;

and are described in the summary of the Trust Deed in 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. Subject to the duties imposed by Schedule 15 of the Securities Regulations 2009, Perpetual Trust Limited relies on the information supplied to it by Finance & Leasing Limited pursuant to the Trust Deed and does not carry out an independent check of that information.

Perpetual Trust Limited does not guarantee the repayment of the Securities or the payment of interest thereon.

Yours faithfully

Michael Styant
REGIONAL MANAGER – CORPORATE TRUST

15 Other Terms of Offer and Securities

15.1 **Interest for Regular Income:** Interest shall commence from the date the application funds are accepted by Finance and Leasing, and will be paid as follows:

15.1.1 *Debenture Stock:*

(a) Interest will be paid quarterly on the last day of March, June, September and December in each year.

(b) Interest shall be paid for part interest periods at the first interest payment date and the maturity date.

15.1.2 *Unsecured Deposits:*

(a) Interest will be paid quarterly on the last day of March, June, September and December in each year.

(b) Interest shall be paid for part interest periods at the first interest payment date and the maturity date.

15.2 **Compounding Stock For Capital Growth:** An investor can elect to accumulate their interest and add it to their principal. If they do, the investment compounds, providing a higher yield. At the end of each quarter, the investor's interest is added to the existing principal of their investment and therefore in the next quarter, the investor receives interest on interest.

15.3 **Variation of Interest Rates:**

15.3.1 *Variation Prior to Allotment:* Finance and Leasing reserves the right to increase or decrease from time to time all or any of the interest rates offered. Any variation in interest rates will not affect existing term investments. In the case of a reduction in interest rates, each investor whose application is received at the prior rates after the change has been made, will be personally notified and unless the application is confirmed, the applicant's money will be refunded in full within 14 days. Interest will not be paid on returned funds.

15.3.2 *At Call:* Finance and Leasing reserves the right to review and to increase or decrease the interest rate offered on At Call investments. Investors will be advised of any such change.

15.3.3 *At Call After Initial Period:* Finance and Leasing will pay the At Call rate on any unredeemed investment. Finance and Leasing reserves the right to review and to increase or decrease the At Call interest rate. Investors will be advised of any such change.

15.4 **Other Details Regarding both Debenture Stock and Unsecured Deposits:**

15.4.1 *Method of Interest Payment:* Interest will be paid by direct credit to the investor's bank account. Finance and Leasing will provide the investor with interest advice and full details of any payments in writing. When investments are received within 14 days of the next interest payment date, the interest due to that date will be paid on the following interest payment date.

15.4.2 *Procedure Upon Maturity of Investments:*

(a) Approximately two weeks prior to the maturity date, Finance and Leasing will forward to the investor a Notice of Maturing Investment. The investor will then have to decide whether or not to renew its investment. The investor must provide Finance and Leasing with its instructions by completing the appropriate form provided and returning it to Finance and Leasing, together with the relevant certificate. No action can be taken until the investor's instructions have been received in writing on the correct form.

(b) Finance and Leasing will pay the At Call interest rate on any unredeemed investments.

15.4.3 *Resident/Non-Resident Withholding Tax Deduction:* The Inland Revenue Department requires withholding tax to be deducted from all interest paid on investments/deposits. The current RWT rates are 12.5%, 21%, 33% or 38% depending on each investor's personal circumstances.

From 1 October 2010, the new RWT rates are 10.5%, 17.5%, 30% and 33%, depending on each investor's personal circumstance. If an investor fails to notify Finance and Leasing of their IRD numbers RWT will be deducted at 38%. Non-resident investors will have tax deducted at the rate applicable to their country of residence. No resident withholding tax will be deducted if a certificate of exemption is received.

15.5 **Applications:** Applications must be made on the form attached to Finance and Leasing's Investment Statement, for a minimum application amount of $1,000. Issues will be made from time to time as applications are received. The Directors reserve the right to refuse any application, to accept any application in part only, to close the Offer at any time after opening date, or to suspend acceptance of applications for investments of any particular term. Interest will not be paid on rejected applications.

16 Places of Inspection of Documents

16.1 Each investor and prospective investor of Finance and Leasing is entitled to obtain on request and free of charge, the most recent copies of the following documents:

16.1.1 the Company's certificate of incorporation and constitution;

16.1.2 this Prospectus and Finance and Leasing's current Investment Statement;

16.1.3 the audited financial statements of Finance and Leasing to the year ended 31 March 2010;

16.1.4 the Trust Deed; and

16.1.5 the Material Contracts,

which can be requested from or inspected at Finance and Leasing's registered office, the address of which is shown in the Directory on page 2, during normal business hours.

16.2 Except for the Investment Statement, the above documents are also available for inspection at the Companies Office upon request. An investor or prospective investor can view most of the above documents via the Companies Office website at www.companies.govt.nz. If a document is not available on the Companies Office website, the investor will need to contact the Companies Office by phone on 0508 266 726 to arrange for the document to be made available.

17 Other Material Matters

17.1 In the course of providing financial services to its customers, Finance and Leasing encounters and manages the following risks:

17.1.1 **Principal Risk:** The main risk to investors is that they may not be able to recover the full amount of the principal sum invested and/or the interest payable on the principal sum. This could occur as a result of any of the risks set out below.

17.1.2 **Standard Risks:** Finance and Leasing is exposed to the standard risks faced by other finance companies. These standard risks are as follows:

(a) *Credit Risk:*

(i) This is the risk that a significant number of loans made by Finance and Leasing are not repaid and/or any security for such loans proves inadequate for any reason, meaning that Finance and Leasing is unable to recover those loans in full from the borrowers. Finance and Leasing endeavours to mitigate this credit risk by having credit approval, loan management and debt collection processes in place, and by spreading the concentration of security types taken for loans.

(ii) The loan approval process considers a number of factors including:

(A) the borrower's past performance;

(B) the borrower's ability to repay;

(C) the amount of money to be borrowed against the security;

(D) the extent and quality of the security; and

(E) the extent and quality of any guarantor(s).

(iii) Finance and Leasing undertakes lending activities in accordance with the financial covenants set out in the Trust Deed.

(b) *Counterparty Risk:* This risk arises where Finance and Leasing becomes exposed to a high number of loans with inter-related borrowers, which heightens its credit risk. That is, if one borrower defaults to Finance and Leasing or another creditor, many or all of its related borrowers may also do so. As at 31 March 2010, the amounts owing by the six largest borrowers or groups of closely related borrowers amounted to 93.07% of total loans and receivables and the largest borrower represents 30.06% of total loans and receivables. Historically, Finance and Leasing's loan receivables have been characterised by a large proportion of the loan book vested in a small number of borrowers and related party interests, on the basis that Finance and Leasing knew and understood the risks associated with those particular borrowers well. Finance and Leasing has put in place credit policies to reduce and manage this exposure.

(c) *Interest Margin Risk:*

(i) The profitability of Finance and Leasing is dependent upon maintaining a margin between the interest rate at which Finance and Leasing borrows funds and the interest rate charged to borrowers for those funds. The business has inherent risks arising out of material changes in interest rates. If borrowing interest rates increase and Finance and Leasing cannot increase the interest rates payable by borrowers, this will materially reduce the profits of the Company. Finance and Leasing from time to time undertakes fixed rate lending and is therefore unable to reset interest rates, which could put pressure on Finance and Leasing's interest rate margin.

(ii) Finance and Leasing manages the interest margin risk in a number of ways, including the provision of regular performance reports and regular monitoring of investment/borrowing interest rates.

(iii) Revolving credit loan facilities have interest rates that reflect the current interest rate at that time.

(d) *Liquidity Risk:* This is the risk that Finance and Leasing's maturing financial assets are insufficient to meet its maturing financial liabilities and it may not be able to borrow sufficient funds to replace outgoing borrowings. Investors are referred to note 24(d) of Finance and Leasing's most recent financial statements for the year ended 31 March 2010, which details Finance and Leasing's liquidity profile. This risk could result in Finance and Leasing, in the worst case such as a run on funds, becoming insolvent by reason of having insufficient cash to repay Debenture Stock and Unsecured Deposits as they become due or otherwise having to restrict the lending of moneys which, in turn, constricts Finance and Leasing's activities and reduces its profitability.

(e) *Regulatory Risk:* If new legal requirements, economic controls, taxes or other interventions are implemented, this could impact on the way in which Finance and Leasing and the principal customers of Finance and Leasing operate their respective businesses. This could impact negatively on Finance and Leasing's future profits.

(f) *Competition Risk:* There is strong competition in the finance industry which could mean the margins which Finance and Leasing can earn may be reduced. This would impact on the future profitability of Finance and Leasing. Finance and Leasing continually reviews rates and evaluates new business opportunities where available.

(g) *Information and Technology Risk:* Finance and Leasing relies on computer systems to control and monitor its Debenture Stock and Unsecured Deposit ledger, finance receivables and accounting systems. The failure of these systems, or difficulties in implementing upgrades, could have a short-term adverse impact on operations, although this risk is controlled by having back up systems.

(h) *Key Personnel Risk:*

(i) Finance and Leasing has a widely experienced Board of Directors, the Executive Director is involved in the daily operations of Finance and Leasing. The senior staff of Finance and Leasing are widely experienced in the finance industry. Additional staff are recruited and trained as required.

(ii) In the normal course of business, Finance and Leasing faces the risk of losing senior staff for a variety of reasons.

(iii) Managerial backup facilities are in place should senior staff members leave or be absent.

(i) *Economic Risk:* Finance and Leasing continuously evaluates information to get a feel for any economic environment changes and includes these indications in its investments and lending strategies.

(j) *Lending Risk:* Lending risk is the risk of Finance and Leasing lending funds and not being fully repaid the principal and interest. Over the past 24 months, the challenging economic conditions have meant that Finance and Leasing has encountered a higher level of past due and impaired loans as follows:

(i) Finance and Leasing makes provision for impairment on a quarterly, individual loan, basis. As at 30 June 2010, there were two impaired loans with total loan impairment balance of $710,000.00, compared to $590,000.00 as at 31 March 2010, and $604,823.00 as at 31 March 2009. The total loan balance of the two impaired loans was $3,277,542 as at 30 June 2010 and $3,277,106 as at 31 March 2010;

(ii) In relation to past due (but not impaired) loans as at 30 June 2010, there were 21 past due loans with a total balance owing of $2,413,551, and as at 31 March 2010 there were 11 past due loans with a total balance owing of $1,235,356; and

(iii) In relation to the restructured loans, these are assessed on a quarterly basis at management level, after working closely with the client. If it decided to restructure the loan, the payment structure will be restructured to suit the client's circumstances. As at 30 June 2010, there was one restricted loan with a balance of $126,646 and as at 31 March 2010, the same loan had a balance of $134,646.

There is the risk that a large number of past due and impaired loan receivables may cause a mismatch in Finance and Leasing's maturity profile (and thus solvency). This arises as a result of loans not being repaid on time or the security for the same being insufficient to enable recovery in full of the loan, upon realisation. Therefore there is a heightened risk that the Company will not be able match its receivables to outgoings, causing a mismatch in its maturity profile.

Finance and Leasing has in place monitoring, collection and enforcement processes which manage the above risks. It is currently an area of concern for the Directors which they are actively managing.

(k) *Cashflow Risk:* Finance and Leasing previously had a revolving credit facility with Canterbury Building Society (**CBS**). CBS did not renew the revolving credit facility due to the challenging financial climate. The risk of the revolving credit facility not being renewed is that Finance and Leasing no longer has this avenue of liquidity support which heightens the liquidity risk referred to in paragraph (d).

17.1.3 **Specific Industry Risk — Development Projects:**

(a) Finance and Leasing, as part of its lending, provides development funding. These projects are viewed and managed with the client. Finance and Leasing carries out its own feasibility study of these projects. If the risk exposure is considered high, additional security is taken. Finance and Leasing has developed expertise in the development funding area. The risks in this area include:

(i) The property development market suffering a downturn, thereby reducing demand for finance and impacting on Finance and Leasing's profitability.

(ii) Property values decreasing, which would impact on the developer's ability to meet Finance and Leasing's loan repayments and Finance and Leasing's ability to release the full loan amount against the security held.

(b) Finance and Leasing maintains a prudent approach by ensuring it is lending to proven operators with a strong history in the market, and by ensuring all loans have confirmed exit/repayment strategies in place.

(c) Finance and Leasing ensures any risk is further reduced by maintaining a balance of diversity across geographic regions and the sectors in which its securities are held.

(d) Finance and Leasing has historically had a high degree of exposure to property/hotel development loans (10 loans making up 77% of the total loan receivables balance as at 30 June 2010) and a significant counterparty exposure to a small number of loans (30 loans made up 88% of the total loan receivables balance as at 30 June 2010).

(e) The slowing economy, the demise of a number of finance companies and the softening of the property market have resulted in very limited options for property developers to repay loans. As such, Finance and Leasing is exposed to the risk that if these loans cannot be refinanced it may be required to enforce its securities and realise a loss in the current market. This risk is to some degree mitigated by the factors noted above.

(f) Finance and Leasing has taken action to reduce its exposure in this area (as outlined below under the heading "Capitalisation of Interest" on page 17 and the heading "Loan Impairment Review" on pages 18 and 19) and will continue to do so.

(g) The Directors continue to take the view that Finance and Leasing has good property loans with a high number of first and small number of second mortgages.

(h) Further, the Directors, having considered Finance and Leasing's performance since 1980, its current core business and long term prospects, and after taking into account the medium and long term prospects of the New Zealand economy, have recommitted Finance and Leasing to the property lending market, despite the short term unpopularity of this market.

17.1.4 **Term Lending:**

(a) Finance and Leasing's lending policy is not to permit term loans for periods in excess of 36 months. The majority of Finance and Leasing's Loans are for 24 months. Finance and Leasing has historically preferred short term loans to enable it to better match its maturity profile and to control the loans.

(b) Maturity dates may be extended (rolled over) by Finance and Leasing if a development project has not been completed and the borrower, security and loan meet Finance and Leasing's strict lending and credit criteria. In the 12 months to 30 June 2010 Finance and Leasing rolled over 8 loans, being 8.99% of Finance and Leasing's total number of loans and 49.30% of the value of Finance and Leasing's total receivables. From 30 June 2010 to the date of this Prospectus, no loans have been extended (rolled over). In the forthcoming year, Finance and Leasing does not expect to extend (roll over) the term of any property development loans Extending the maturity date of loans in this fashion may expose Finance and Leasing to further risk, in particular, further credit risk or development project risk, if the loan is not properly reassessed at the appropriate time. In the past Finance and Leasing has not always undertaken a fresh credit assessment or required new independent valuations of security when rolling a loan over but does so now in all instances.

There is also the risk that if a loan matures during the course of a development project and is not renewed, the borrower may find it difficult to refinance and if Finance and Leasing enforces the value of its security in respect of a partially complete development, its ability to realise the secured asset at full value may be limited. However, it is important to note that Finance and Leasing has not made any advances where it has committed to extending the maturity date at the outset of the initial loan advance.

(c) *Capitalisation of Interest:*

(i) Finance and Leasing has historically permitted the capitalisation of interest on loans. As at 30 June 2010, 77% of Finance and Leasing's total receivables or 10 loans remained subject to interest capitalisation. Finance and Leasing aggressively manages these loans.

(ii) No further capitalised interest loans are to be offered by Finance and Leasing until its current exposure to such loans is significantly reduced and such loans, if permitted, are to be smaller.

(iii) There are a number of risks associated with this approach. First, the lack of a payment/loan serving history means that Finance and Leasing may not be able to adequately assess the potential for distress. Secondly, the capitalisation of interest does not provide regular cash flow for Finance and Leasing. Finally, if interest is permitted to capitalise for a long period of time, the amount owed to Finance and Leasing may, in some circumstances, exceed the value of the property originally taken as security for the loan.

(d) *Crown Retail Deposit Guarantee Scheme:*

(i) There are a number of risks associated with the Crown Retail Deposit Guarantee Scheme that may impact Finance and Leasing, either directly or indirectly through the New Zealand debt market.

(ii) Finance and Leasing does not have a guarantee under a Crown Retail Deposit Guarantee Scheme and does not intend to apply for a guarantee. Investors may prefer to invest in the stock of finance companies that have the benefit of the guarantee. This may impede Finance and Leasing's ability to raise funds in the short term.

(iii) Any risk to depositors associated with investing in a finance company that does not have the guarantee will reduce from 13 October 2010 as the guarantee ceases to apply to most companies that currently have the benefit of the guarantee (either by voluntary withdrawal or by inability to satisfy the new criteria for the extended guarantee).

(iv) The general withdrawal or non-renewal of the Crown Retail Deposit Guarantee Scheme while similar schemes remain in place overseas may materially adversely affect the ability of New Zealand financial institutions to raise debt funding. This could affect the company's ability to retain and raise funds.

(e) *Reinvestment Risk:*

(i) Finance and Leasing relies on a material level of investments being renewed on maturity to fund new business and repay existing Debenture Stock and Unsecured Deposits. Reinvestment percentages and cashflow are carefully monitored to ensure Finance and Leasing holds sufficient moneys to repay maturing deposits.

(ii) For the 3 months ended 30 June 2010 Finance and Leasing's average reinvestment rate (by value) for both Debenture Stock and Unsecured Deposits was 70.92%. The reinvestment rate for the month ended 30 June 2010 was 78.71%, for the month ended 31 July 2010 was 76.56% and for the month ending 30 August 2010 was 72.84%. This compares to aggregate reinvestment rates (by value) of 72.75% for the year ended 31 March 2009 and 61.15% for the year to 31 March 2008.

(f) *Commercial Risk:*

(i) The economy may recede, affecting the commercial viability of many small to medium businesses. This may affect the ability of businesses to repay interest and principal payments.

(ii) Risks are mitigated by lending to mature and diverse markets and sectors.

(g) *New Business Risk:*

(i) There is a risk that clients, in their industry, experience different economic climates. Their ability to cope with this may affect the value of the security given.

(ii) Because of a strong repeat business client base, Finance and Leasing has a past trading pattern that assists with the evaluation of new loan proposals. New client business is carefully evaluated.

(h) *Solvency Risk:* This is the risk that Finance and Leasing may, for any reason, not be able to pay its debts as they fall due.

(i) *Consequences of Insolvency:*

(i) Investors will not be liable to pay any money as a result of Finance and Leasing becoming insolvent.

ii) If Finance and Leasing is liquidated or wound up, the claims of Debenture Stockholders will rank equally with the claims of all other debenture stockholders, including those who invested in stock pursuant to earlier or subsequent investment statements, and prospectuses, and stock issued as security for bank overdrafts, commercial loans and commercial bills.

(iii) The only claims that would rank ahead of the claims of Debenture Stockholders, if Finance and Leasing was liquidated or wound up, are claims of the holders of any Prior Charges permitted under the Trust Deed or any other claims arising by operation of law such as claims for liquidation costs, taxes and employees' wages. Any unpaid Trustee fees will also rank ahead of the claims of Stockholders.

(iv) The claims of Unsecured Deposit holders will rank behind all funds owed pursuant to Prior Charges over Finance and Leasing, all Debenture Stock on issue now and in the future, and any other creditors required by law to be paid.

(j) *Risk and Return:* Before making an investment in Debenture Stock or Unsecured Deposits investors should consider the foregoing special trade factors and risks for this investment against the returns offered. Investors should be aware that there is a direct relationship between the risks of the investment and the return offered.

17.2 **Loan Impairment Review:**

17.2.1 The Trustee and Finance and Leasing commissioned two independent reports in November 2008 and March 2009 to assess loan concentration and counterparty exposure, accuracy of the underlying assumptions on which Finance and Leasing's impairment of loan receivables had been assessed and the potential for the impairment of all other material loans within the loan book. The independent reviews highlighted Finance and Leasing's exposure to property development loans, significant exposure to a small number of loans (21 loans made up 80% of the total loan balance at the time of the report) and an associated significant concentration of counterparty risk. These risks are identified and addressed at pages 13 to 15 of this Prospectus.

17.2.2 Finance and Leasing implemented the suggestions made in the independent reports and has internal measures in place to address the various risks and issues associated with property development lending. In addition, Finance and Leasing increased the provision for impaired loans from $427,000 to $605,000, and wrote off $166,040 of loans as at 31 March 2009.

17.2.3 The Directors have confidence that Finance and Leasing's finance receivables remain of reasonable quality, notwithstanding Finance and Leasing's exposure to property loans. The Directors consider that Finance and Leasing's property loans are adequately secured and appropriate impairment provisioning has been made.

17.2.4 As a consequence of the reviews detailed above, Pita and Paul Alexander (both being relatives of one of the Directors) in May 2009 contributed $2,000,000 in cash to Finance and Leasing's business, by way of:

(a) the purchase of $604,823 impaired receivables at a discounted (the amount of the discount being equal to provisioned impairment) price of $316,307;

(b) the purchase of a number of properties from debtors of Finance and Leasing enabling them to repay loan receivables for which large impairments were identified, in the amount of $630,000;

(c) the purchase of a property held for sale by Finance and Leasing in the amount of $450,000;

(d) the contribution of $600,000 as shareholders funds, being perpetual cumulative redeemable preference shares. The dividend rate effective from 1 October 2009 is 10% per annum, the perpetual redeemable preference shareholders waive their right to receive a dividend for the period ending 31 March 2010; and

(e) a fee of $3,693.

17.2.5 The Directors consider that this transaction enhanced Finance and Leasing's ability to operate in the current slow economic environment.

17.2.6 As at 31 March 2010, Finance and Leasing's exposure in property development loans comprised 10 loans which make up 75% of the total loan receivables balance as at that date.

17.3 **Other Material Matters:** The Company applied to the Reserve Bank of New Zealand (**Reserve Bank**) for an exemption from the credit rating requirement contained in section 157I of the Reserve Bank of New Zealand Act 1989 (**RBA**). By letter dated 27 April 2010, the Reserve Bank wrote to the Company advising that it has decided not to grant the Company an exemption because in a short period of time the Company's liabilities will be less than $20 million, allowing it to operate under the Deposit Takers (Credit Ratings Minimum Threshold) Exemption Notice 2009 (**Exemption Notice**), which removes the need for a credit rating. While the Company was in breach of section 157I at the time, the Reserve Bank confirmed that it would not prosecute the Company for its breach of this section, in the period from 1 March 2010 to 28 February 2011 and granted the Company a conditional waiver, giving the Company until 1 March 2011 to operate under the Exemption Notice. As at the date of this Prospectus the Company is compliant and as at 30 June 2010, the total liabilities of the Company were $19,211,475.

18 Summary Financial Statements For the Year Ended 31 March 2010

	NZ IFRS Year End 31-March 2010 NZ$	NZ IFRS Year End 31-March 2009 NZ$	NZ IFRS Year End 31-March 2008 NZ$	NZ IFRS Year End 31-March 2007 NZ$	NZ GAAP Year End 31-March 2007 NZ$	NZ GAAP Year End 31-March 2006 NZ$
COMPREHENSIVE INCOME						
Operating Revenue	**3,246,246**	4,143,796	4,710,570	4,105,259	4,219,844	3,804,603
Other Income	-	7,409	40,240	14,500	14,500	-
	3,246,246	4,151,205	4,750,810	4,119,759	4,234,344	3,804,603
Finance Costs	**2,259,585**	2,719,273	2,855,874	2,476,018	2,480,307	2,123,929
Other Expenses	**1,253,965**	1,433,106	1,063,835	883,937	712,295	695,214
	3,513,550	4,152,379	3,919,709	3,359,955	3,192,602	2,819,143
NET OPERATING PROFIT (LOSS) BEFORE ALLOWANCE FOR IMPAIRMENT	**(267,304)**	(1,174)	831,101	759,804	1,041,742	985,460
Allowance for Impairment Expense (write back) - Loans and Receivables	**(14,823)**	594,358	10,465	-	-	-
Allowance for Impairment Expense - Property Held for Sale	**300,000**	-	-	-	-	-
NET OPERATING PROFIT (LOSS) AFTER ALLOWANCE FOR IMPAIRMENT	**(552,481)**	(595,532)	820,636	759,804	1,041,742	985,460
Subvention Payment	-	-	124,272	253,305	135,112	221,192
Income Tax (Credit) Expense	**(164,875)**	(177,557)	231,000	168,352	300,405	258,094
NET PROFIT (LOSS) FOR THE YEAR	**(387,606)**	(417,975)	465,364	338,147	606,225	506,174
CHANGES IN EQUITY						
Total Equity at beginning of Financial Period	**2,349,877**	3,036,848	2,771,484	2,058,337	2,033,866	1,658,692
Profit (Loss) for the year	**(387,606)**	(417,975)	465,364	338,147	696,754	669,039
Share Capital	**600,000**	-	-	1,000,000	1,000,000	1,000,000
Dividends	-	(268,996)	(200,000)	(625,000)	(625,000)	(1,130,000)
Subvention Payment	-	-	-	-	(135,112)	(222,192)
Doubtful Debt Provision	-	-	-	-	-	(15,000)
Tax Adjustments	-	-	-	-	44,583	73,327
Total Equity at end of Financial Period	**2,562,271**	2,349,877	3,036,848	2,771,484	3,015,091	2,033,866
Share Capital	**3,600,000**	3,000,000	3,000,000	3,000,000	3,000,000	2,000,000
Retained Earnings	**(1,037,729)**	(650,123)	36,848	(228,516)	15,091	33,866
Total Equity at end of Financial Period	**2,562,271**	2,349,877	3,036,848	2,771,484	3,015,091	2,033,866
STATEMENT OF FINANCIAL POSITION						
Total Current Assets	**13,210,298**	13,119,150	11,983,397	8,718,400	8,300,910	6,114,327
Total Non-Current Assets	**8,524,401**	13,401,842	13,156,746	18,521,051	18,890,646	17,987,784
Total Current Liabilities	**7,655,702**	14,384,302	11,017,617	12,469,289	12,177,787	8,875,753
Total Non-Current Liabilities	**11,516,726**	9,786,813	11,085,678	11,998,678	11,998,678	13,192,492
Total Shareholders' Funds	**2,562,271**	2,349,877	3,036,848	2,771,484	3,015,091	2,033,866
Date the full Financial Statements were authorised for issue by the Directors	**06 July 2010**	07 July 2009	30 July 2008	30 July 2008	26 June 2007	30 June 2006

	NZ IFRS Year End 31-March 2010 NZ$	NZ IFRS Year End 31-March 2009 NZ$	NZ IFRS Year End 31-March 2008 NZ$	NZ IFRS Year End 31-March 2007 NZ$	NZ GAAP Year End 31-March 2007 NZ$	NZ GAAP Year End 31-March 2006 NZ$
CASH FLOWS						
Cash Flows from Operating Activities						
Cash provided	**1,633,207**	1,999,891	4,808,782	4,108,357	4,147,934	3,838,043
Cash disbursed	**1,539,115**	2,050,948	3,923,234	3,536,894	3,541,183	3,260,993
Net Cash Generated by (used in) Operating Activities	**94,092**	(51,057)	885,548	571,463	606,751	577,050
Net Cash Provided by Investing Activities	**4,874,734**	540,035	1,730,915	(3,392,622)	(3,427,910)	(5,379,122)
Net Cash (used in) Provided by Financing Activities	**(5,578,015)**	127,717	(2,329,888)	2,431,418	2,431,418	4,892,711
Net (decrease) / Increase in Cash and Cash Equivalents	**(609,189)**	616,695	286,575	(389,741)	(389,741)	90,639
Cash and Cash Equivalents at beginning of the year	**1,053,143**	436,448	149,873	539,614	539,614	448,975
Cash and Cash Equivalents at end of the year	**443,954**	1,053,143	436,448	149,873	149,873	539,614
Represented by Cash and Cash Equivalents	**443,954**	1,053,143	436,448	149,873	149,873	539,614

NOTES TO THE SUMMARY OF FINANCIAL STATEMENTS

18.1 The Summary Financial Statements are those of Finance and Leasing Limited which is a profit orientated entity. They have been extracted from audited full financial statements that, for the years ended 31 March 2010, 2009, 2008 and 2007, have been prepared in accordance with the New Zealand Equivalent to International Financial Reporting Standards (NZ IFRS). The full financial statements comply with International Financial Reporting Standards. The financial statements for the year ended 31 March 2006 have been prepared in accordance with NZ GAAP, being the accounting standards that applied prior to the adoption of NZ IFRS.

The full financial statements have been audited and have been given unqualified audit opinions. The auditor's reports did not contain any explanationary paragraphs that highlighted matters that are regarded as relevant to a proper understanding of the basis of opinion.

These Summary Financial Statements cannot be expected to provide a complete understanding as provided by the full financial statements from which they have been extracted.

The full financial statements for the year end 31 March 2010 are on pages 22 to 41 of this Prospectus.

18.2 For the period under review there have been no:
18.2.1 Minority items
18.2.2 Amounts derived using the equity method of accounting
18.2.3 Abnormal or extraordinary items

18.3 Nil dividends were paid for the year end 31 March 2010

18.4 Each of the full financial statements and the Summary of Financial Statements are presented in New Zealand dollars which is the company's functional and presentation currency. The financial statements are rounded to the nearest dollar.

18.5 The Summary Financial Statements have been prepared in accordance with FRS 43 subject to the Securities Regulations 1983.

18.6 The summary financial statements have been authorised for issue by the Directors by a resolution dated 21 September 2010.

FINANCE AND LEASING

Statement of Comprehensive Income

For the Year Ended 31 March 2010

	Note	2010 NZ$	2009 NZ$
Operating Revenue	4	**3,246,246**	4,143,796
Other Income	5	-	7,409
		3,246,246	4,151,205
Finance Costs	6	**2,259,585**	2,719,273
Amortisation Expense	15	**659**	1,335
Audit Fee		**37,728**	27,817
Bad Debts		**477,612**	856,720
Depreciation Expense	14	**6,802**	9,133
Direct Expenses		**358,439**	215,798
Directors Fees		**10,000**	10,000
Directors Remuneration		**62,000**	107,000
Employee Benefits Expense	7	**164,217**	165,850
Loss on Disposal of Property Held for Sale		**100,000**	-
Loss on Disposal of Property, Plant and Equipment		**2,333**	-
Operating Lease Expenses		**34,175**	39,453
		3,513,550	4,152,379
NET OPERATING PROFIT (LOSS) BEFORE ALLOWANCE FOR IMPAIRMENT		**(267,304)**	(1,174)
Allowance for Impairment Expense (Write Back) - Loans and Receivables	12	**(14,823)**	594,358
Allowance for Impairment Expense - Property Held for Sale	13	**300,000**	-
NET OPERATING PROFIT (LOSS) AFTER ALLOWANCE FOR IMPAIRMENT		**(552,481)**	(595,532)
Income Tax (Credit) Expense	8	**(164,875)**	(177,557)
NET OPERATING PROFIT (LOSS) AFTER INCOME TAX		**(387,606)**	(417,975)
Other Comprehensive Income before Income Tax		-	-
TOTAL COMPREHENSIVE INCOME (LOSS) AFTER INCOME TAX	10	**(387,606)**	(417,975)

The notes to the financial statements on pages 26 to 41 form part of and should be read in conjunction with this statement.

Statement of Changes in Equity

For the Year Ended 31 March 2010

	Note	Share Capital NZ$	Retained Earnings NZ$	Total NZ$
Balance at 1 April 2008		3,000,000	36,848	3,036,848
Total Comprehensive Income (Loss) after Income Tax	10	-	(417,975)	(417,975)
Share Capital Introduced	9	375,000	-	375,000
Share Capital Redeemed	9	(375,000)	-	(375,000)
Dividends Paid	10	-	(268,996)	(268,996)
Balance at 31 March 2009		3,000,000	(650,123)	2,349,877
Total Comprehensive Income (Loss) after Income Tax	10	-	(387,606)	(387,606)
Share Capital Introduced	9	600,000	-	600,000
Balance at 31 March 2010		**3,600,000**	**(1,037,729)**	**2,562,271**

The notes to the financial statements on pages 26 to 41 form part of and should be read in conjunction with this statement.

FINANCE AND LEASING

Statement of Financial Position

For the Year Ended 31 March 2010

	Note	2010 NZ$	2009 NZ$
EQUITY			
Share Capital	9	**3,600,000**	3,000,000
Retained Earnings	10	**(1,037,729)**	(650,123)
TOTAL EQUITY		**2,562,271**	2,349,877
Represented By:			
CURRENT ASSETS			
Cash and Cash Equivalents		**443,954**	1,053,143
Trade and Other Accounts Receivable	11	**25,810**	226,108
Current Tax Assets	8	**110,916**	110,916
Loans and Receivables	12	**12,629,618**	11,228,983
Property Held for Sale	13	**-**	500,000
TOTAL CURRENT ASSETS		**13,210,298**	13,119,150
NON-CURRENT ASSETS			
Loans and Receivables	12	**5,348,180**	10,094,035
Property Held for Sale	13	**2,800,000**	3,100,000
Property, Plant and Equipment	14	**32,377**	28,179
Other Intangible Assets	15	**662**	1,321
Deferred Tax Asset	8	**343,182**	178,307
TOTAL NON-CURRENT ASSETS		**8,524,401**	13,401,842
TOTAL ASSETS		**21,734,699**	26,520,992
CURRENT LIABILITIES			
Trade and Other Payables	16	**266,608**	409,257
Revolving Credit Facility	17	**780,000**	1,900,000
Borrowings	3,18	**6,609,094**	12,075,045
TOTAL CURRENT LIABILITIES		**7,655,702**	14,384,302
NON-CURRENT LIABILITIES			
Borrowings	3,18	**11,516,726**	9,786,813
TOTAL NON-CURRENT LIABILITIES		**11,516,726**	9,786,813
TOTAL LIABILITIES		**19,172,428**	24,171,115
NET ASSETS		**2,562,271**	2,349,877

The notes to the financial statements on pages 26 to 41 form part of and should be read in conjunction with this statement.

FINANCE AND LEASING

Statement of Cash Flows

For the Year Ended 31 March 2010

	Note	2010 NZ$	2009 NZ$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from			
Interest Received		**1,596,627**	1,909,545
Fees and Commissions Received		**36,580**	82,937
Other Income		**-**	7,409
		1,633,207	1,999,891
Cash was disbursed to			
Interest Paid		**937,608**	1,202,665
Income Tax Paid		**-**	111,666
Payments to Suppliers & Employees		**601,507**	612,345
Subvention Payments		**-**	124,272
		1,539,115	2,050,948
NET CASH GENERATED BY (USED IN) OPERATING ACTIVITIES	19	**94,092**	(51,057)
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale of Property Plant & Equipment		**34,667**	-
Sale of Property Held for Sale		**400,000**	-
Purchase of Property Plant & Equipment		**(48,000)**	(18,053)
Purchase of Property Held for Sale		**-**	(3,600,000)
Net Decrease in Loans and Receivables		**4,488,067**	4,158,088
NET CASH PROVIDED BY INVESTING ACTIVITIES		**4,874,734**	540,035
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Share Capital Issued		**600,000**	375,000
Share Capital Redeemed		**-**	(375,000)
Net (Decrease) in Borrowings		**(5,058,015)**	(1,103,287)
Net (Decrease) Increase in Revolving Credit Facilities		**(1,120,000)**	1,500,000
Dividends Paid		**-**	(268,996)
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES		**(5,578,015)**	127,717
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		**(609,189)**	616,695
Cash and Cash Equivalents at the Beginning of the Year		**1,053,143**	436,448
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**443,954**	1,053,143
REPRESENTED BY CASH AND CASH EQUIVALENTS		**443,954**	1,053,143

The notes to the financial statements on pages 26 to 41 form part of and should be read in conjunction with this statement.

Notes to the Financial Statements

For the Year Ended 31 March 2010

1 Summary Of Accounting Policies

Statement of Compliance

Finance and Leasing Limited is a profit-oriented company incorporated in New Zealand and registered under the Companies Act 1993. The principal activities of the company are to provide financial services within New Zealand and the company has no overseas financial assets. Finance and Leasing Limited is an issuer for the purposes of the Financial Reporting Act 1993 and its financial statements comply with the Financial Reporting Act 1993 and the Securities Regulations 2009.

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). They comply with the New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable financial reporting standards as appropriate for profit-oriented entities.

The financial statements comply with International Financial Reporting Standards (IFRS).

Basis of Financial Statement Preparation

The financial statements are presented in New Zealand dollars.

The financial statements have been prepared on the basis of historical cost. Cost is based on the fair value of the consideration given in exchange for assets.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported. The principal accounting policies are set out below:

Significant Accounting Policies

(a) Interest Income and Expense

Interest income and expense are recognised in the statement of comprehensive income as they accrue using the effective interest method which for Finance and Leasing Limited is a combination of the sum of the digits and the accrual methods.

The effective interest rate method calculates the amortised cost of a financial asset or financial liability and allocates the interest income or expense, including any fees and directly related transaction costs that are an integral part of the effective interest rate, over the expected life of the financial asset or financial liability. The application of the method has the effect of recognising income or expense on the financial asset or financial liability evenly in proportion to the amount outstanding over the period of maturity or repayment.

(b) Fee Income

Fee income integral to the effective yield of the financial asset is accrued over the term of the loan using the effective interest rate method. Other fee income is recognised on an accruals basis when the service has been provided.

(c) Bad Debts and Impairments

Bad Debt Write Offs:
All known losses are written off against income in the period in which they become evident. Any subsequent recovery of an amount previously written off is taken to the statement of conprehensive income.

Allowance for Impairment:
The allowance for impairment is deducted from net loans and receivables in the statement of financial position and the movement in the allowance is reflected in the statement of comprehensive income as "Allowance for Impairment".

Method of Determining the Allowance for Impairment:
Loans and receivables are regularly reviewed for impairment loss. Impairment provisions are raised for exposures that are known to be impaired. Loans and receivables are impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events after the initial recognition of the receivable and prior to the reporting date, and the loss event has had a reliably measurable impact on the estimated future cash flows of the individual receivable. Impairment is assessed on a counterparty by counterparty basis. A full offset of any security held has been recognised in the calculation of this provision.

Credit Assessment:
"Impaired Assets" are non accrual assets, restructured assets or assets acquired through the enforcement of security.

"Assets Acquired through Enforcement of Security" are assets acquired through the enforcement of securities which satisfy part or full repayment of the loan due.

"Other Impaired Assets" are assets for which an impairment loss is required but are not restructured assets or assets acquired through the enforcement of security.

"Past Due Assets". A financial asset is past due when a counterparty has failed to make a payment when contractually due.

"Restructured Assets" are assets on which original terms have been changed due to borrowers' difficulty in complying, and on which interest continues to be accrued at a rate of interest which is equal to or greater than the average cost of funds at the date of restructuring. The revised terms are not comparable with the terms of new facilities with comparable risks.

"90-day Past Due Assets" are any past due assets which have not operated within their key terms for more than 90 days and which are not restructured assets, other individually impaired assets or assets acquired through enforcement of security.

(d) Borrowings and Borrowing Costs

Borrowings are initially recognised at fair value and subsequently measured at amortised cost. All borrowing costs are written off as incurred.

(e) Income Tax

Income tax expense in relation to the profit for the year comprises current tax and deferred tax.

Current tax is calculated by reference to the amount of income tax payable or receivable in respect of the taxable profit or loss for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using tax rates and tax laws that have been enacted or substantively enacted by balance date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax is recognised on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profits will be available against which these deductible temporary differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset and liability giving rise to them are realised or settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow part or all of the asset to be recovered.

(f) Property, Plant and Equipment

Property, plant and equipment are stated at cost less depreciation and impairment.

Depreciation is calculated on a diminishing value basis so as to write off the net cost of each asset over its expected useful life. Depreciation rates used are as follows: Computer Hardware - 48% to 60%, Furniture and Fittings - 12% to 30%, Office Equipment - 30% to 48% per annum, Motor Vehicle - 30% per annum.

If an asset's carrying amount is greater than its estimated recoverable amount its carrying amount is written down immediately to its recoverable amount by recording an impairment loss in the statement of comprehensive income.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in the statement of comprehensive income.

(g) Other Intangible Assets

Computer software is capitalised on the basis of costs incurred to acquire and bring to use the specific software. These costs are amortised on a diminishing value basis so as to write off the net cost of each asset over its expected useful life. Amortisation rates used are 48% to 60% per annum.

(h) Impairment of Non-Financial Assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset'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.

(i) Financial Instruments

Financial instruments are classified based on the purpose for which they were acquired. Management determines the classification of its investments at initial recognition. Financial instruments held at balance date are classified as Loans and Receivables.

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 as shown on the face of the statement of financial position meet this definition. Loans and receivables are shown at fair value after making due allowance for impairment.

(j) Statement of Cash Flows

The statement of cash flows has been prepared using the direct method. Cash flows relating to loans and receivables and borrowings have been shown on a net basis in order to show a more meaningful disclosure. The high volume of transactions reflects the activities of customers rather than those of the company.

(k) Property Held for Sale

Property held for sale is measured at the lower of its previous carrying amount and fair value less costs to sell.

(l) New Standards and Interpretations

The company has reviewed all Standards and Interpretations in issue not yet adopted and, with the exception of NZ IFRS 9 which is effective for the financial year ending 31 March 2014, does not expect these Standards to have any material impact on the financial statements of the company. It is likely that changes arising from NZ IFRS 9 will affect the recognition and measurement, and classification in the company financial statements, however it is not practical to provide a realistic estimate of that effect until a detailed review has been completed.

2 Critical Accounting Estimates and Judgements

Preparing financial statements to conform with NZ IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions have been based on historical experience and other factors that are believed to be reasonable under the circumstances. These estimates and assumptions have formed the basis for making judgements about the carrying values of assets and liabilities, where these are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are regularly reviewed. Any change to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

In the process of applying the company's accounting policies, management has made the following judgements, estimates and assumptions that have had the most significant impact on the amounts recognised in these financial statements.

The company reviews its loan portfolio to assess impairment on a monthly basis. In determining whether an impairment loss should be recorded in the statement of comprehensive income, the company makes judgements as to whether there is any observable indication that there is a measurable decrease in the estimated future cash flows from individual loans within the loan portfolio. This evidence may include an adverse change in the payment status of borrowers. Management uses its knowledge gained from historical loss experience for assets with credit risk characteristics and objective evidence of impairment when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience. The assessment of the level of impairment could potentially be understated if factors affecting the judgements made change.

3 Trust Deed

The Trust Deed (as amended) has been operative since 20 October 1986. The Trustee is Perpetual Trust Limited. This Trust Deed covers the borrowings in the Statement of Financial Position under the Borrowings heading, totalling $18,125,820 (31 March 2009 $21,861,858). This figure includes Unsecured Deposits of $0 (31 March 2009 $900,175).

At 31 March 2010 the company was in breach of a Trust Deed covenant whereby the discounted asset value was less than borrowings.

There is a Prior Charge revolving credit facility of $0 of which $0 was drawn down at 31 March 2010 (31 March 2009 $800,000).

4 Operating Revenue

	2010 NZ$	2009 NZ$
Interest Revenue:		
Hire Purchase Contracts	**111,768**	201,246
IRD Use of Money	**-**	3,425
Loans Secured by Instrument by Way of Security	**153,112**	205,246
Other Secured Contracts	**2,908,556**	3,617,013
Penalty Interest	**15,856**	7,339
Term Investments	**12,971**	1,863
Fee Income:		
Administration	**1,830**	3,737
Booking	**42,153**	103,927
	3,246,246	4,143,796

Interest income of $684,353 for the year was accrued on impaired financial assets

5 Other Income

	2010 NZ$	2009 NZ$
Bad Debts Recovered	-	7,409
	-	7,409

6 Finance Costs

	2010 NZ$	2009 NZ$
Interest:		
Block Assignments	**44,959**	124,528
Investors	**1,893,331**	2,080,130
Preference Shares	-	9,375
Rebated Interest	**5,000**	3,105
Sundry Facilities	**131,687**	304,835
Fees:		
Brokerage	**160,280**	175,508
Sundry Facilities	**24,328**	21,792
	2,259,585	2,719,273

7 Employee Benefits Expense

	2010 NZ$	2009 NZ$
Salaries and Related Benefits	**164,217**	165,850
	164,217	165,850

8 Taxation

(a) Income Tax Recognised in Profit

	2010 NZ$	2009 NZ$
Income Tax (Credit) Expense Comprises:		
Current Tax Expense	-	750
Deferred Tax (Credit) Relating to the Origination and Reversal of Temporary Differences	**(164,875)**	(178,307)
Total Income Tax (Credit) Expense Recognised in Profit	**(164,875)**	(177,557)

The prima facie income tax expense on pre tax accounting profit reconciles to the income tax expense in the financial statements as follows:

	2010 NZ$	2009 NZ$
Net Operating Profit (Loss) After Allowance for Impairment	**(552,481)**	(595,532)
Income Tax (Credit) Expense calculated at 30% (31 March 2009 30%)	**(165,744)**	(178,660)
Tax Effect of Non-deductible Expenses	**869**	1,103
	(164,875)	(177,557)

(b) Current Tax (Asset) Liability

	2010 NZ$	2009 NZ$
Balance at Beginning of the Year	**(110,916)**	-
Taxation Expense	**-**	750
Taxation Paid	**-**	(111,666)
Balance at End of the Year	**(110,916)**	(110,916)

(c) Deferred Tax Asset

Balance at Beginning of the Year	**(178,307)**	-
Charged (Credited) to Statement of Comprehensive Income	**(164,875)**	(178,307)
Balance at End of the Year	**(343,182)**	(178,307)
The Deferred Tax Asset represents the Deferred Tax on:		
Allowance for Impairment	**(263,860)**	(178,307)
Tax Losses Carried Forward	**(79,322)**	-
	(343,182)	(178,307)

(d) Imputation Credit Account Balances

Balance at Beginning of the Year	**10**	3,991
Taxation Paid	**-**	111,666
Attached to Dividends Paid	**-**	(115,647)
Balance at End of the Year	**10**	10

9 Share Capital

(a) Ordinary Capital

Balance at Beginning of the Year - 3,000,000 -(31 March 2009 - 2,625,000) shares	**3,000,000**	2,625,000
Shares Issued During Year - 0 (31 March 2009 - 375,000) shares	**-**	375,000
Balance at End of the Year - 3,600,000 (31 March 2009 - 3,000,000) shares	**3,000,000**	3,000,000

(b) Redeemable Perpetual Preference Shares

Balance at Beginning of the Year - 0 (31 March 2009 - 375,000) shares	**-**	375,000
Shares Issued During Year - 600,000 (31 March 2009 - 0) shares	**600,000**	-
Shares Redeemed During Year - 0 (31 March 2008 - 375,000) shares	**-**	(375,000)
Balance at End of the Year - 600,000 (31 March 2008 - 0) shares	**600,000**	-
Total Share Capital	**3,600,000**	3,000,000

All ordinary shares are fully paid, have no par value and equal voting rights and share equally in dividends and surplus on winding up.

The redeemable perpetual preference shares were issued for $1 each. The shares are redeemable at the option of the Company. The dividend rate effective from 1 October 2009 is 10% per annum. The redeemable perpetual preference shareholders have waived their rights to receive a dividend for the period ended 31 March 2010. The shares redeemed during the year ended 31 March 2009 were redeemed at the option of the Company and the proceeds were used to subscribe for 375,000 ordinary shares.

10 Retained Earnings

	2010 NZ$	2009 NZ$
Balance at Beginning of the Year	**(650,123)**	36,848
Total Comprehensive Income (Loss) After Income Tax	**(387,606)**	(417,975)
Dividends Paid	-	(268,996)
Balance at End of the Year	**(1,037,729)**	(650,123)

11 Trade and Other Accounts Receivable

Accounts Receivable	-	160,600
Accruals and Prepayments	**1,545**	633
Goods & Services Tax	**24,265**	64,875
	25,810	226,108

No amounts outstanding are 'past due'.

12 Loans and Receivables

Hire Purchase Contracts	**579,849**	1,210,240
Loans Secured by Instrument by Way of Security	**1,337,127**	1,057,118
Other Secured Contracts	**17,155,299**	20,497,132
Total Gross Receivables	**19,072,275**	22,764,490
Less:		
Allowance for Impairment	**(590,000)**	(604,823)
Unearned Interest on Hire Purchase Contracts and Loans Secured by Instrument by Way of Security	**(256,277)**	(252,901)
Net Loans and Receivables (Before deducting Contracts Assigned)	**18,225,998**	21,906,766
Less:		
Contracts Assigned (net of unearned interest)	**(248,200)**	(583,748)
Net Loans and Receivables (After Deducting Contracts Assigned)	**17,977,798**	21,323,018
The net amount is receivable as follows:		
Within One Year	**12,629,618**	11,228,983
After One Year	**5,348,180**	10,094,035
	17,977,798	21,323,018
Net Loans and Receivables are summarised as follows:		
Neither past due nor impaired	**14,425,167**	20,301,640
Past due but not impaired	**1,235,356**	606,150
Impaired - individually	**3,277,106**	1,856,700
Restructured	**134,646**	-
	19,072,275	22,764,490
Less Allowance for Impairment - individually	**(590,000)**	(604,823)
Less Unearned Interest	**(256,277)**	(252,901)
Net Loans and Receivables (Before deducting Contracts Assigned)	**18,225,998**	21,906,766

	2010 NZ$	2009 NZ$
Movements in Net Loans and Receivables that are Past Due but not Impaired		
Opening Balance	**606,150**	1,372,727
Additions	**1,181,121**	229,013
Written off during the Year	**-**	(114,550)
Deletions	**(551,915)**	(881,040)
Closing Balance	**1,235,356**	606,150
Age Analysis of Net Loans and Receivables that are Past Due but not Impaired		
Not yet due	**1,091,039**	534,508
0 to 30 Days	**120,069**	20,568
31 to 60 Days	**18,833**	15,348
61 to 90 Days	**2,447**	9,487
91 to 182 Days	**2,968**	17,006
183+ Days	**-**	9,233
Closing Balance	**1,235,356**	606,150
Movements in Net Loans and Receivables which are individually *determined to be Impaired*		
Opening Balance	**1,856,700**	10,465
Additions	**3,978,723**	1,856,700
Written off during the Year	**(420,120)**	(10,465)
Deletions	**(2,138,197)**	-
Closing Balance	**3,277,106**	1,856,700
Movements in the Allowance for Impairment of Loans and Receivables Individually determined to be Impaired		
Opening Balance	**604,823**	10,465
Charged (Credited) to Statement of Comprehensive Income	**(14,823)**	594,358
Written off during the Year	**-**	-
Closing Balance	**590,000**	604,823

A material impairment of $580,000 relating to one loan (loan balance $3,213,142) for the development of a residential subdivision occurred as a result of a decline in the property market.

An interest charge of $684,353 was applied to this loan for the year end 31 March 2010

Movements in Net Loans and Receivables that are Restructured		
Opening Balance	**-**	-
Additions	**134,646**	-
Closing Balance	**134,646**	-

There are no Assets Acquired through the Enforcement of Security.

13 Property Held for Sale

	2010 NZ$	2009 NZ$
Current Portion	-	500,000
Non-Current Portion	**3,100,000**	3,100,000
Less Allowance for Impairment	**(300,000)**	-
	2,800,000	3,600,000

Property Held for Sale relates to properties at Tasman View, Greymouth (31 March 2009 - Lake Coleridge Village and Tasman View, Greymouth)

A material impairment of $300,000 relating to the Tasman View property development occurred as a result of a decline in the property market.

14 Property, Plant and Equipment

	Computer Hardware NZ$	Office Equipment NZ$	Furniture & Fittings NZ$	Motor Vehicle NZ$	Total NZ$
Gross carrying amount					
Balance 1 April 2008	8,524	11,655	22,027	-	42,206
Additions	-	-	4,720	13,333	18,053
Balance 31 March 2009	8,524	11,655	26,747	13,333	60,259
Additions	-	-	-	48,000	48,000
Disposals	-	-	-	*(40,000)*	*(40,000)*
Balance 31 March 2010	**8,524**	**11,655**	**26,747**	**21,333**	**68,259**
Accumulated depreciation, amortisation and impairment					
Balance 1 April 2008	6,296	7,180	9,471	-	22,947
Depreciation expense	1,307	1,815	3,011	3,000	9,133
Balance 31 March 2009	7,603	8,995	12,482	3,000	32,080
Depreciation expense	537	1,067	2,531	2,667	6,802
Disposals	-	-	-	(3,000)	(3,000)
Balance 31 March 2010	**8,140**	**10,062**	**15,013**	**2,667**	**35,882**
Net book value					
Balance 31 March 2009	921	2,660	14,265	10,333	28,179
Balance 31 March 2010	**384**	**1,593**	**11,734**	**18,666**	**32,377**

15 Intangible Assets - Computer Software

	2010 NZ$	2009 NZ$
Gross Carrying Amount		
Balance at Beginning and End of the Year	**22,567**	22,567
Accumulated Depreciation, Amortisation and Impairment		
Balance at Beginning of the Year	**21,246**	19,911
Amortisation expense	**659**	1,335
Balance at the End of the Year	**21,905**	21,246
Net Book Value	**662**	1,321

16 Trade and Other Payables

Trade Payables	**226,492**	362,402
Accounts Payable - Directors	**-**	-
Employee Entitlements	**13,408**	12,744
Fees Received in Advance	**26,708**	34,111
	266,608	409,257

17 Revolving Credit Facility

D K Alexander	**780,000**	1,100,000
CBS Canterbury	**-**	800,000
	780,000	1,900,000

The D K Alexander revolving credit facility is $1,100,000 of which $780,000 (31 March 2009 $1,100,000) was drawn down at balance date.

The CBS Canterbury revolving credit facility was $1,500,000 of which $800,000 was drawn down at 31 March 2009. The facility terminated on 1 October 2009.

18 Borrowings

	Weighted Average Interest Rate %	31 March 2010 NZ$	Weighted Average Interest Rate %	31 March 2009 NZ$
Secured Debenture Stock		**18,125,820**		20,961,683
Unsecured Deposits		**-**		900,175
		18,125,820		21,861,858
This amount is payable as follows:				
Within One Year	8.88	**6,609,094**	9.45	12,075,045
One to Two Years	9.28	**6,009,195**	9.97	4,900,621
Two to Three Years	9.83	**4,794,605**	9.82	3,128,516
Three to Four Years	10.69	**597,296**	10.54	1,181,902
Four to Five Years	9.73	**115,630**	10.73	575,774
	9.33	**18,125,820**	9.71	21,861,858

The Secured Debenture Stock ranked in priority to Unsecured Deposits and other liabilities but ranked behind the CBS Canterbury revolving credit facility.

19 Net Cash Generated By Operating Activities

	2010 NZ$	2009 NZ$
Reconciliation of profit (loss) for the year to net cash flows from operating activities:		
Profit (Loss) for the Year	**(387,606)**	(417,975)
Non-Cash Items:		
Allowance for Impairment - Loans and Receivables	**(14,823)**	594,358
Allowance for Impairment - Property Held for Sale	**300,000**	-
Amortisation	**659**	1,335
Bad Debts	**477,612**	856,720
Depreciation	**6,802**	9,133
Deferred Taxation	**(164,875)**	(178,307)
Loss on Disposal of Property Held for Sale	**100,000**	-
Net Interest Income Capitalised into Loans	**(1,605,636)**	(2,138,615)
Net Interest Expense Capitalised into Borrowings	**1,321,977**	1,514,777
Items treated as Investing Activities	**2,333**	-
Changes in Net Assets and Liabilities:		
Trade and Other Accounts Receivable	**200,298**	(187,897)
Current Tax Assets	**-**	(110,916)
Trade and Other Payables	**(142,649)**	6,330
NET CASH GENERATED BY (USED IN) OPERATING ACTIVITIES	**94,092**	(51,057)

20 Commitments

As at balance date the company has entered into commitments totalling $350,000 in respect of future lending (31 March 2009 $Nil).

21 Contingent Liabilities

There are no material contingent liabilities at balance date (31 March 2009 $Nil).

22 Segment Information

The company operates in the financial services industry within New Zealand.

23 Related Party Transactions

Accounting fees totalling $25,356 (31 March 2009 $21,112) for the period were paid to DK Alexander, Chartered Accountant.

Commissions/fees totalling $62,000 (31 March 2009 $107,000) for the period were paid to Directors.

The companies listed below are related to Finance and Leasing Limited by way of common shareholding and/or common Director.

Advances to related companies/persons are secured by registered general security agreements or mortgages. Advances are made under normal commercial criteria.

Finance Receivables	Interest Rate %	Term	**2010 NZ$**	**2009 NZ$**
Company:				
Auckland Airport Hotel Limited	15.00	3 yrs	**2,082,821**	1,794,369
Ventura Inn & Suites Auckland Airport Limited	15.50	3 yrs	**744,262**	844,194
Greatplains Properties Kilronan Limited			-	50,015
Greatplains Properties Lunns Limited			-	50,015
Greatplains Properties Lyttelton Limited			-	78,798
Total Company			**2,827,083**	2,817,391
Persons:				
DK Alexander Chartered Accountant	6.70	3 yrs	**674,296**	687,638
Total Persons			**674,296**	687,638
Total Related Party Transactions			**3,501,379**	3,505,029

- *Auckland Airport Hotel Limited* is a related party which has a 50% ownership in Ventura Auckland Airport Hotel Limited being a 142 unit Express Hotel with 2 conference facilities and 320 car parks, situated on Airpark Drive, very close to the Auckland International Airport. This company also owns 25% of Ventura Inn & Suites Auckland Airport Limited which leases and runs the hotel complex.

- *Ventura Inn & Suites Auckland Airport Limited* is the company that leases the property and runs the hotel business.

- *Ashgrove Holdings (ChCh) Limited* is related by common shareholding and directorship. Ashgrove subscribed for 600,000 $1 redeemable perpetual preference shares during the year. Ashgrove also paid cash of $266,307 for the purchase of impaired loans from Finance and Leasing Limited during the year. The loans continue to be managed by Finance and Leasing Limited and Ashgrove will be entitled to repayments as received.

Key Management Personnel Remuneration
The compensation of the Directors and executives, being the key management personnel of the Group, is as follows:

Short-term Employee Benefits	**162,102**	212,302
	162,102	212,302

24 Financial Instruments

(a) Financial Risk Management Objectives

The Company's activities expose it primarily to interest rate, liquidity and credit risk. The Company may, in accordance with policies approved by the Board of Directors, enter into a variety of derivative financial instruments to manage its exposure to these risks.

(b) Interest Rate Risk Management

Interest rate risk is the risk that market interest rates will change and impact on the Company's financial performance by affecting the interest margin between funds lent and funds borrowed. The Company monitors interest rates and regularly reviews the interest rate exposure. Interest rates on hire purchase contracts and loans secured by instrument by way of security are fixed for the term of the advance. Other secured loans can have their interest rates re-set on the giving of one month's notice. Interest rates on borrowings are fixed for the term of the deposit.

(c) Liquidity Risk Management

Liquidity risk is the risk that under certain circumstances cash outflows can exceed cash inflows in a given period. The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and maintaining a revolving credit facility which can be utilised to cover mismatched maturities on monetary assets and liabilities.

(d) Liquidity and Interest Rate Profile

	Weighted Average Interest Rate %	Total NZ$	0 to 6 Months NZ$	7 to 12 Months NZ$	13 to 24 Months NZ$	25 to 60 Months NZ$
31 March 2010						
Financial Assets:						
Cash and cash equivalents	n/a	**443,954**	**443,954**	-	-	-
Trade and other accounts receivable	n/a	**25,810**	**25,810**	-	-	-
Loans and receivables	15.41	**21,565,084**	**5,595,171**	**9,221,836**	**6,378,039**	**370,038**
		22,034,848	**6,064,935**	**9,221,836**	**6,378,039**	**370,038**
Financial Liabilities:						
Trade and other payables	n/a	**266,608**	**266,608**	-	-	-
Revolving credit facility	6.40	**780,000**	**780,000**	-	-	-
Secured debenture stock	9.48	**21,765,885**	**4,096,759**	**3,440,440**	**6,935,188**	**7,293,498**
		22,812,493	**5,143,367**	**3,440,440**	**6,935,188**	**7,293,498**
31 March 2009						
Financial Assets:						
Cash and cash equivalents	n/a	1,053,143	1,053,143	-	-	-
Trade and other accounts receivable	n/a	226,108	226,108	-	-	-
Loans and receivables	16.26	22,179,742	1,987,118	9,827,131	5,375,280	4,990,213
		23,458,993	3,266,369	9,827,131	5,375,280	4,990,213
Financial Liabilities:						
Trade and other payables	n/a	409,255	409,255	-	-	-
Revolving credit facility	9.20	1,900,000	1,900,000	-	-	-
Unsecured Deposits	9.02	948,071	454,648	156,336	337,087	-
Secured debenture stock	9.76	23,369,323	6,455,766	5,793,663	5,126,604	5,993,290
		26,626,649	9,219,669	5,949,999	5,463,691	5,993,290

The amounts disclosed in the liquidity profile are the contracted undiscounted cash flows including interest receivable and interest payable.

The above maturity profile is based on contractual maturities. There is no material difference between contractual and expected maturities.

(e) Credit Risk Management

Credit risk is the risk arising from the failure of a debtor or other party failing to honour a financial or contractual obligation. Financial instruments which potentially subject the Company to credit risk principally consist of loans and receivables shown on the statement of financial position. The amount shown in Note 24(f) Concentration of Credit Risk represents the Company's maximum exposure to credit risk and equates to fair value.

The Company performs credit evaluations on all customers to whom it lends and normally requires collateral by way of general security agreement, mortgage or instrument by way of security registered under the Personal Property Securities Act 1999. Loan security may be supported by personal guarantees. The Company monitors individual loan performance and takes appropriate recovery action when necessary.

Loans and receivables with instalments more than 90 days in arrears were 1.15% (31 March 2009 1.40%) of total loans and receivables. This represents loans and receivables totalling $220,764 (31 March 2009 $309,822) of which $23,677 (31 March 2009 $26,239) was 90+ days past due.

(f) Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk principally consist of cash and cash equivalents and loans and receivables. Cash and cash equivalents are placed with leading banking institutions. Concentration of credit risk associated with loans and receivables is determined by the number of individual contracts held. Further information in respect of counterparty concentrations related to loans and receivables is disclosed in note 24(h).

	2010 NZ$	**2009 NZ$**
Maximum credit risk exposures are:		
Cash and cash equivalents	**443,954**	1,053,143
Loans and receivables (before deducting contracts assigned)	**18,225,998**	21,906,766
Other financial assets	**25,810**	226,108
Letters of credit, guarantees and performance bonds	**-**	-
Lending facilities committed but not drawn down and available on demand	**-**	-
Conditional commitments to fund at future dates	**-**	-
	18,695,762	23,186,017

(g) Concentration of Credit Exposure

	2010 NZ$	**2009 NZ$**
By Industry:		
Agricultural, forestry and fishing	**136,179**	85,420
Business Services	**2,992,723**	3,148,029
Commercial motor vehicles	**509,227**	912,261
Commercial other	**617,327**	1,021,912
Consumer motor vehicles	**37,977**	86,504
Consumer other	**177,505**	385,687
Heavy machinery	**88,817**	161,911
Hotel Holdings	**8,211,093**	7,073,933
Land Holdings	**1,297,497**	2,329,402
Property	**-**	78,798
Property Developments	**5,003,930**	7,480,633
	19,072,275	22,764,490
By Geographical Region:		
Christchurch	**6,817,558**	10,852,208
Rest of Canterbury	**297,375**	1,034,275
Rest of South Island	**69,976**	166,076
Auckland	**8,978,163**	7,948,247
Hamilton	**2,087,990**	1,857,373
Rotorua	**670,185**	687,667
Rest of North Island	**151,027**	218,645
	19,072,275	22,764,490

(h) Counterparty Concentrations

The following table details individual counterparties, or groups of counterparties, to which the company has a credit exposure in excess of 10% of its equity and in increasing bands of 10%.

	2010	2009		2010	2009
10 - 20%	-	-	110 - 120%	-	-
20 - 30%	-	1	120 - 130%	1	-
30 - 40%	-	-	130 - 140%	-	-
40 - 50%	-	1	140 - 150%	-	2
50 - 60%	-	-	150 - 160%	1	-
60 - 70%	-	-	180 - 190%	-	-
70 - 80%	1	2	190 - 200%	-	-
80 - 90%	-	-	220 - 230%	1	1
90 - 100%	-	-	230 - 240%	-	-
100 - 110%	1	1			

Amounts owing by the six largest borrowers or groups of closely related borrowers amounted to 93.07% (31 March 2009 80.85%) of total loans and receivables. The largest borrower represents 30.06% (31 March 2009 23.19%) of loans and receivables.

(I) Fair Value of Financial Instruments

The Directors consider that the carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair values.

(j) Categories of Financial Assets and Liabilities

	2010 NZ$	2009 NZ$
Financial assets:		
Designated as at fair value through profit and loss	-	-
Cash and cash equivalents	**443,954**	1,053,143
Loans and receivables	**18,003,608**	21,549,126
	18,447,562	22,602,269
Financial liabilities:		
Financial liabilities at amortised cost	**19,172,428**	24,171,115

(k) Capital Management

The Company's capital includes share capital and retained earnings. The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and customer confidence and to sustain the future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Company 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.

The Company policies in respect of capital management and allocation are reviewed regularly by the Board of Directors. There have been no material changes to the group's management of capital during the year..

In addition, the Debenture Trust Deed requires that Total Liabilities not exceed twelve times the Adjusted Shareholders Funds, as these terms are defined in the Trust Deed. The Company was in compliance with this covenant at balance date.

(l) Interest Rate Sensitivity

By managing interest rate risk the Company aims to moderate the impact of short-term fluctuations in interest rates on the Company's earnings. Over longer periods,due to the ability to review the interest rates on loans approved and borrowings obtained thus managing the interest rate margin, movements in interest rates will have minimum impact on profit.

At 31 March 2010 it is estimated that a general increase of one percent in the average interest rate on borrowings, with no change in the average interest rate on lending, would increase the Company's loss before income tax by approximately $198,000 (31 March 2009 $238,000). A decrease in the average interest rate on borrowings, with no change in the average interest rate on lending, would have the opposite impact on profit to that described above.

25 Subsequent Events

Since 31 March 2010 the Government has announced that the Company tax rate will reduce from 30% to 28% effective for the financial year ending on 31 March 2012. The financial effects of the change in tax rate have not been brought to account in the financial statements for the year ended 31 March 2010. Had the financial effect of the change in tax rate been recognised at 31 March 2010, there would have been reductions in the deferred tax asset and the income tax credit of $22,878, assuming that the tax losses carried forward are not utilised, and the allowances for impairment are not reversed, in the year ending 31 March 2011.

DIRECTORS' STATEMENT

In our opinion after due enquiry by us in relation to the period between the date of the latest financial statements contained in this Prospectus and the date of delivering this Prospectus for registration, no circumstances have arisen which materially adversely affect the trading or profitability of Finance and Leasing, the value of its assets, or the ability of Finance and Leasing to pay its liabilities due within the next twelve months.

This Prospectus has been signed by the Directors:

DK Alexander
B.Com.CA
Chartered Accountant

GJ Marriott
B.Com.CA
Chartered Accountant

MARTIN WAKEFIELD
TIMARU, NZ

The Directors
Finance and Leasing Limited
154 Tuam Street
P O Box 5211
Papanui
Christchurch
8542

Dear Directors

Auditor's report for inclusion in Prospectus

As auditor of Finance and Leasing Limited (the "Company") we have prepared this report pursuant to clause 22 of Schedule 2 of the Securities Regulations 2009 for inclusion in the Prospectus dated 23 September 2010 and for no other purpose.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of:

- the financial statements which give a true and fair view of the financial position of the Company as at 31 March 2010 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; and
- the historical summary of financial statements of the Company for the financial years ended 31 March 2010, 31 March 2009, 31 March 2008, 31 March 2007 and 31 March 2006 as required by clause 8 of Schedule 2 of the Securities Regulations 2009; and
- the details and amounts in repect of the ranking of securities of the Company as at 31 March 2010, as required by clause 13 of Schedule 2 of the Securities Regulations 2009.

Auditors' responsibilities

It is our responsibility to express an independent opinion on the financial statements as at 31 March 2010 presented by the Directors and report our opinion in accordance with clause 22(1) of Schedule 2 of the Securities Regulations 2009.

In addition we are responsible for reporting in accordance with clause 22(1)(h) of Schedule 2 of the Securities Regulations 2009, on the following matters which have been prepared and presented by the Directors:

- the amounts included in the historical summary of financial statements for the financial years ended 31 March 2010, 31 March 2009, 31 March 2008, 31 March 2007 and 31 March 2006;
- the amounts included in the ranking of securities as at 31 March 2010.

This report has been prepared for inclusion in the Prospectus dated 23September 2010 for the purpose of meeting the requirements of clause 22 of Schedule 2 to the Securities Regulations 2009. We disclaim any assumption of responsibility for reliance on this report or the amounts included in the financial statements, and the historical summary of financial statements, for any other purpose other than that for which they were prepared. In addition, we take no responsibility for, nor do we report on, any part of the Prospectus not specifically mentioned in this report.

Basis of opinion on the financial statements

An audit includes examining on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- the significant estimates and judgements made by the Directors in the preparation of the financial statements; and
- whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed

We conducted our audit in accordance with New Zealand Auditing Standards. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to obtain reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Basis of opinion on the historical summary of financial statements

We have undertaken procedures to obtain reasonable assurance that the amounts set out in the historical summary of financial statements on pages 20 to 21 pursuant to clause 8 of Schedule 2 of the Securities Regulations 2009 have been correctly taken from the audited financial statements of the Company for the years ended 31 March 2010, 31 March 2009, 31 March 2008, 31 March 2007 and 31 March 2006.

Basis of opinion on the ranking of securities

We have undertaken procedures to obtain reasonable assurance that the amounts set out in the ranking on securities on page 8 pursuant to clause 13 of Schedule 2 of the Securities Regulations 2009 have been correctly taken from audited financial statements of the Company as at 31 March 2010.

Unqualified opinion on the financial statements

We obtained all the information and explanations we required.

In our opinion:

- proper accounting records were kept by the company as far as appears from our examination of those records; and
- the financial statements required by clause 17 of Schedule 2 of the Securities Regulations 2009 and set out on pages 22 to 41
  - subject to these regulations, comply with generally accepted accounting practice in New Zealand; and
  - give a true and fair view of the financial position of the company as at 31 March 2010 and the results of its operations and cash flows for the year ended on that date.

Our audit was completed on 22 September 2010 and our unqualified opinion is expressed as at that date. We have not undertaken any procedures, in respect of the financial statements, from the date of completion of our audit.

Unqualified opinion on historical summary of financial statements

In our opinion the amounts set out in the historical summary of financial statements on pages 20 to 21 of this prospectus, as required by clause 8 of Schedule 2 of the Securities Regulations 2009, have been correctly taken from the audited financial statements of the Company for the financial years ended 31 March 2010, 31 March 2009, 31 March 2008, 31 March 2007 and 31 March 2006.

Unqualified opinion on the ranking of securities

In our opinion the amounts set out in the ranking of securities on page 8 pursuant to clause 13 of Schedule 2 of the Securities Regulations 2009 have been corectly taken from the audited financial statements of the Company as at 31 March 2010.

Auditor's Consent

In terms of Regulation 18(1)(c)(ii) of the Securities Regulations 2009 we hereby give our consent to the inclusion in the above mentioned prospectus of this report in the form in which it is included. We also confirm that we have not, before delivery of the prospectus for registration, withdrawn our consent to the issue thereof.

Yours faithfully

Martin Wakefield

Martin Wakefield
Timaru

23 September 2010

Glossary

Auditor means Martin Wakefield, Timaru.

Board means the Board of Directors of Finance and Leasing.
Company means Finance and Leasing Limited.

Crown Retail Deposit Guarantee Scheme refers to the retail deposit guarantees granted or to be granted to certain financial institutions by the Crown pursuant to the New Zealand deposit guarantee scheme announced pursuant to the Public Finance Act 1989 and the Crown Retail Deposit Guarantee Scheme Act 2009.

Debenture Stock means secured debenture stock constituted by, issued pursuant to and subject to, the terms and conditions contained in the Trust Deed and offered by Finance and Leasing to the public of New Zealand, pursuant to this Prospectus.

Finance and Leasing means Finance and Leasing Limited.

GAAP means generally accepted accounting practice.

Investment Statement means the investment statement relating to the Offer detailed in this Prospectus.

Largest Single Borrower means, at any time, the single borrower and/or group of related parties to whom Finance and Leasing has made available (whether drawn or undrawn) the largest aggregate principal amount of facilities.

NBDTs means non-bank deposit takers.

NRWT means non-resident withholding tax.

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

Offer means the offer of Debenture Stock and Unsecured Deposits detailed in this Prospectus.

Prior Charges means those securities granted by Finance and Leasing in accordance with the Trust Deed that rank ahead of secured debenture stockholders, within stated limits and only in those circumstances identified at page 9.

Prospectus means this prospectus dated 23 September 2010.

Receivables means, at any date, all indebtedness owing to Finance and Leasing including loans, leases and any other finance receivables less any provision for bad or doubtful debts in relation to the same.

Receivables under 90 days means, at any date, all Receivables of Finance and Leasing for which repayment is expected within 90 days, but excluding those Receivables which are subject to any provision or write off or are otherwise impaired to the extent of that impairment or, for the avoidance of doubt, for which there is no expectation of payment within 90 days.

Reserve Bank means the Reserve Bank of New Zealand.

Reserve Bank Act means The Reserve Bank of New Zealand Act 1989.

RWT means resident withholding tax.

Securities Act means the Securities Act 1978.

Securities Regulations means the Securities Regulations 2009.

Tangible Net Worth means Total Tangible Assets less Total Liabilities.

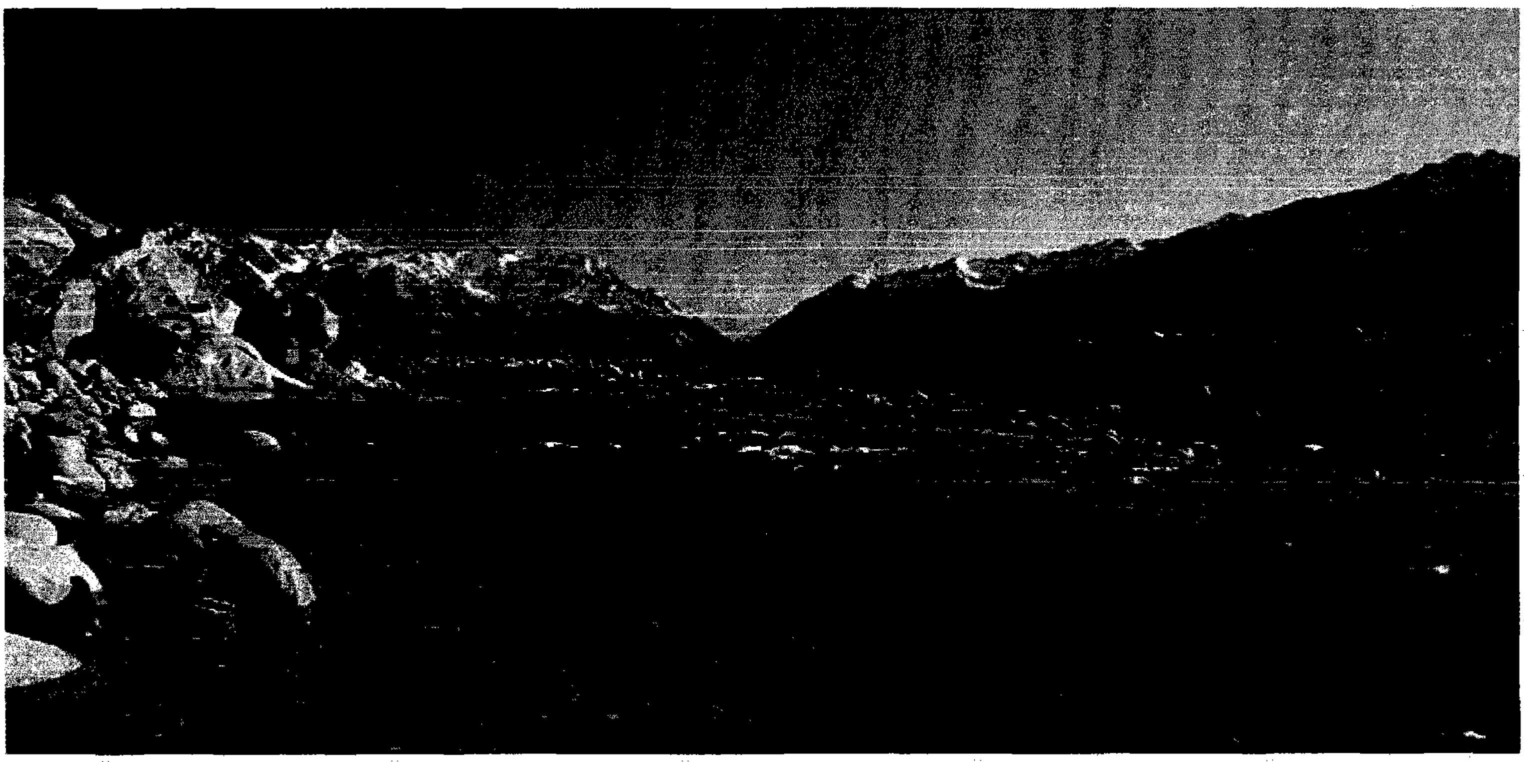
Total Liabilities means, at any date, all liabilities and provisions which are regarded as liabilities under NZ GAAP, of Finance and Leasing.

Total Tangible Assets means, at any date, all assets except assets which according to GAAP would be considered intangible assets.

Trust Deed means the Trust Deed between Finance and Leasing and Perpetual Trust Limited (**Trustee**) dated 20 October 1986 (as amended by a Deed of Variation to Debenture trust Deed dated 19 November 1996 and a PPSA Covering Deed dated 13 November 2002).

Trustee means Perpetual Trust Limited.

Unsecured Deposits means unsecured deposits constituted by, issued pursuant to and subject to, the terms and conditions contained in the Trust Deed, which are not secured by the security interest over the assets of the Company in favour of the Trustee, and are offered by Finance and Leasing to the public of New Zealand, pursuant to this Prospectus.



FINANCE AND LEASING

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New Zealand
Tel: +64 3 379 7688
Fax: +64 3 366 9089
Email: admin@financeandleasing.co.nz

Ministry of Economic Development
Manatū Ōhanga
Companies Office

CERTIFICATE OF REGISTRATION OF PROSPECTUS

(Under Section 42(5) of the Securities Act 1978)

FINANCE AND LEASING LIMITED
140308

This is to certify that a Prospectus for FINANCE AND LEASING LIMITED dated the 23rd day of September 2010 was registered on the 28th day of September 2010.

Neville Harris
Registrar of Companies
Dated this 04th day of October 2010

REGISTRAR OF COMPANIES
NEW ZEALAND