

MEDIA RELEASE

27 October 2011

**SOUTH CANTERBURY FINANCE LIMITED AND ITS CHARGING SUBSIDIARIES
RECEIVERS' STATUTORY REPORT**

Kerryn Downey and William Black, of McGrathNicol, as Receivers for South Canterbury Finance Limited ("SCF"), confirm that their statutory reports for SCF and its 13 charging subsidiaries (the "SCF Group") for the six-month period 1 March 2011 to 31 August 2011 were filed with the Companies Office today.

The Receivers are very pleased to advise that significant progress has been made in the 12 months since the Receivers' appointment on 31 August 2010 with respect to the sale of the major businesses and equity investments of the SCF Group. The major sale transactions completed by the Receivers in the last six months include:

- + Face Finance – sale of commercial loan book assets in excess of \$100m to GE Capital;
- + Consumer, Business and Rural loan portfolios ("Good Bank") – sale of loan book portfolios with an aggregate book value of circa \$123m to Nomura;
- + 100% of Helicopters (N.Z.) Limited sold to Canadian Helicopters Limited for a sale price of \$160m; and
- + 79.7% of Scales Corporation Limited sold to Direct Capital Investments Limited for a sale price of \$44m.

The Receivers report that good progress is being made with respect to realisation strategies for the remaining unrealised loan book, investments and assets, including:

- + The balance of the loan book and property assets with an approximate book value of \$470m;
- + SCF's 33.6% shareholding in Dairy Holdings Limited;
- + Sundry other equity investments and equity in certain charging group companies;
- + Loans to subsidiaries, related party loans, including loans to Southbury Corporation Limited and to Southbury Group Limited;
- + Run-off administration of Southbury Insurance Limited; and
- + Investigations of pre-appointment transactions and potential litigation against various parties.

The SCF Group receivership, comprising 14 companies, is New Zealand's largest receivership, with assets pre-appointment with a book value of \$1.9 billion, and conceivably is one of the more complex receiverships in New Zealand.

For the six-month period ended 31 August 2011, amalgamating the cash receipts and disbursements for all 14 companies, the Receivers highlight the following:

- Total cash receipts were \$463.2m, including:
 - Loan book realisations and operating lease income of \$371.2m;
 - Sale of assets and properties of \$45.1m;
 - Sale of investments of \$39.9m; and
 - Other receipts of \$7.0m.
- Operating costs totalled \$39.3m, including:
 - Loan book advances of \$25.0m;
 - Operating expenses, landlords and suppliers of \$9.5m;
 - Payroll of \$4.2m; and
 - Other expenses of \$0.6m.

- Asset realisation costs of \$9.5m, including:
 - Investment Bank fees of \$6.4m; and
 - Vendor due diligence fees of \$3.1m.

- Administrative costs of \$7.7m, including:
 - Receivership fees of \$3.8m;
 - Legal fees of \$3.6m; and
 - Other advisors' fees of \$0.3m.

In February 2011, the Government advance of \$175m for settling prior claims was fully repaid by the Receivers. In addition, distributions to the Crown by the Receivers for the six-month period totalled \$345m. A further \$50m was distributed to the Crown on 7 October 2011.

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For further information regarding the SCF Group, please refer to the website (www.scf.co.nz) and the Receivers' website (www.mcgrathnicol.com).

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About McGrathNicol

McGrathNicol is an independent advisory firm specialising in corporate advisory, forensic, transaction services and corporate recovery. It is a market leader in Australia and New Zealand, with more than 300 people across the region, including more than 31 partners.

Note to media

Kerryn Downey and William Black, of advisory firm McGrathNicol, were appointed Receivers and Managers of South Canterbury Finance Limited and its charging subsidiaries on 31 August 2010.

Charging Group Entities (collectively “the SCF Group”)

South Canterbury Finance Limited (In Receivership)

Belfast Park Limited (In Receivership)

Braebrook Properties Limited (In Receivership)

ECAF Limited (In Receivership) formerly Face Finance Limited (In Receivership)

Fairfield Finance Limited (In Receivership)

Quality Lease Cars Limited (In Receivership) formerly Flexi Lease Limited (In Receivership)

Galway Park Limited (In Receivership)

ZNH Nominees Limited (In Receivership) formerly Helicopter Nominees Limited (In Receivership)

Hornchurch Limited (In Receivership)

Rental Cars Limited (In Receivership)

SCFG Systems Limited (In Receivership)

Sophia Investments Limited (In Receivership)

Southbury Insurance Limited (In Receivership)

Tyrone Estates Limited (In Receivership)