

DIRECTORS

John Cregten

Andrew McKay

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***First Liquidators Report on the State of Affairs of
the Company***

As at 26 August 2010

(Section 255(2)(c)(ii) Companies Act 1993)

Company Name: Strategic Finance Limited (In Receivership & In Liquidation)

Company Number: 951477

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29 Custom St West
P O Box 532
Auckland

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Introduction

1. Strategic Finance Limited was placed into liquidation by order of the High Court at 10.49 am on 26 July 2010 resolving that John Joseph Cregten and Andrew John McKay be appointed joint and several Liquidators of the Company. We have not previously acted in any capacity for the Company or the officers and shareholders of the Company.
2. We set out below our first report on the state of affairs of the Company as required by section 255 (2) (c) (ii) of the Companies Act 1993.

Background

Date of Incorporation:	20 April 1999
Trading Address:	Level 10, Guardian Trust House, 15 Willeston Street, Wellington
Type of Business:	Finance Company
Date Ceased Trading	12 March 2010
Shareholders:	Strategic Investment Group Ltd (40,000,000 Shares) Perpetual Preference Shares (50,000,000 Shares)
Directors:	Kerry Finnigan Michael James Bowie Hobbs Graham Edward Jackson Marc Aubrey Lindale Denis Grenville Thom David John Wolfenden
Share Capital:	90,000,000 shares
Date of Liquidation:	26 July 2010

Financial Position of the Company at the Date of Liquidation

3. The Liquidators have examined the Company's available records and have prepared an Estimated Statement of Affairs showing the assets and liabilities of the company at the date of liquidation. A copy is attached at **Appendix 1**.

Creditors of the Company

4. The Liquidators have been provided with a list of every known trade creditor of the company as at the date of liquidation pursuant to section 255 (2) (c) (i) of the Companies Act 1993. A list of all known trade creditors can be found at **Appendix 2**.

5. Creditors should complete and return the Creditor's claim form by Friday, 24 September 2010. This form can be found on the Liquidators' website (www.corpfin.co.nz in the "Reports" section). Creditors who do not make a claim within the period may be excluded from any distribution that may be made.
6. Preferential shareholders are advised that there will be no funds available to them as there will be a shortfall to the secured creditors as advised to the NZX by the Receivers.
7. Debenture stock holders and investors who have submitted a claim to the Receivers should not submit another claim to the Liquidators. Debenture stock holders and investors should continue to direct any enquiries directly to the Receivers, PricewaterhouseCoopers, including via their website: www.pwc.com/nz/strategicfinance.
8. Creditors should complete and return the attached Unsecured Creditors Claim form and return to the following address:
Corporate Finance Ltd
P O Box 532
AUCKLAND
Attention: Kelly Cahill
Alternatively, this can be emailed to: kcagli@corpfin.co.nz

Retention of Title Claims/Security Interests

9. If you believe you have a valid retention of title claim or a security interest over goods or equipment supplied to Strategic Finance Limited (In Receivership & In Liquidation), and you have not yet contacted the Receivers or the Liquidators, please contact us immediately.

Proposal for Conducting The Liquidation

10. The Liquidators will take the following steps to identify and realise the assets owned by the Company:

Realisation of Assets

11. Receivers have been appointed to realise the assets, primarily the loan book of the company, for the benefit of secured investors. The liquidation will not impact on the receivership and the asset realisation process that the Receivers are conducting.

Investigations

12. The Liquidators will review the company's books and records, conduct an initial investigation into the trading affairs of the company and conduct all other investigations that the Liquidators are charged to do.

Estimated Date of Completion of Liquidation

13. At this stage it is not practical to estimate the date of completion of the liquidation, as this will depend on any action the Liquidator may take in respect of transactions entered into by the company prior to liquidation.

Creditors Meeting

14. The Liquidators do not propose to call a meeting of creditors.

15. Nonetheless, creditors are entitled to call such a meeting giving 10 working days notice to the Liquidators requiring a meeting to be called. A notice to this effect is attached.

Liquidation Committee

16. At any time during the liquidation, any creditor may in writing, request the Liquidators to call a meeting of creditors to consider whether a Liquidation Committee should be appointed, and if so, to choose the members of the Committee.

17. A Liquidation Committee has certain powers set out in Section 315 of the Companies Act 1993 including assisting the Liquidators as appropriate in the conduct of the liquidation.

Restrictions

18. The Liquidators do not accept any responsibility or liability for any damage or loss occasioned to any party as a result of this report and in particular takes no responsibility for any misinformation contained herein that has been supplied by the Company, its officers or any other person. The report is based upon information available at this stage and the Liquidators therefore reserves the right to review, and if considered necessary, to revise the report.

Dated at Auckland this 26th day of August 2010.



A. J. McKay
Joint Liquidator

The Companies Act 1993

Notice of the Right to Require Liquidator

To Call Meeting Of Creditors Or Shareholders

Sections 225 (2)(c)(ii)(b) and 314

Company Name: Strategic Finance Limited (In Receivership & In Liquidation)

Company No: 951477

- Notice:**
1. At any time in the course of the liquidation, any creditor or shareholder of the company may request the Liquidator in writing to call a meeting of creditors or shareholders of the company:
 - (a) To vote on a proposal that a liquidation committee be appointed to act with the Liquidator; and
 - (b) If it is so decided, to choose the members of the committee.
 2. The Liquidators may decline the request on any of the following grounds:
 - (a) The request is frivolous or vexatious; or
 - (b) The request is not made in good faith; or
 - (c) The costs of calling a meeting would be out of all proportion to the value of the company's assets, and the creditor does not agree to meet those costs, but otherwise the Liquidators must comply with the request.

Signed:


A. J. McKay

Date: 26 August 2010

The Companies Act 1993

**Notice Of Intention Not
To Call Meeting Of Creditors**

(Sections 243(1) and 245(1)(b))

Company Name: **Strategic Finance Limited (In Receivership & In Liquidation)**

Company No: 951477

Notice: The liquidators of the above named company hereby give notices that:

1. The liquidators do not consider that a meeting of creditors under section 243(1) should be held;
2. The reasons for the liquidators' view are that:
 - (a).The liquidators believe the value of the assets of the company available for distribution to unsecured, non-preferential creditors is likely to be zero; and
 - (b).Therefore a meeting of creditors would be an unreasonable additional expense, further reducing the funds available to complete the liquidation;
3. No such meeting of creditors will be called unless a creditor gives notice in writing to the liquidators, within 10 working days after receiving this notice, requiring a meeting to be called.

Signed:



A. J. McKay

Date: **26 August 2010**

APPENDIX 1: Estimated Statement of Assets & Liabilities

STRATEGIC FINANCE LIMITED - CONSOLIDATED GROUP		Book Value
Estimated Statement of Assets and Liabilities		(\$'000s)
As at 31 May 2010		
- Indicative Only -		
Assets Not Specifically Charged:		
Accounts Receivable		1,438
Bank Accounts		6,025
Other Assets		4,258
Estimated Balance available to Preferential Creditors		11,721
Less Preferential Creditors:		
Employees (Receivers distributed \$52k in entitlements)	-	
Inland Revenue Department	-	
	-	
Surplus / (Deficit) available to Secured Creditors		11,721
Charged Assets:		
Net Property Loan Book	234,443	
Fixed Assets	555	
	234,997	
Assets Available to Secured Creditors		246,718
Less Secured Creditors:		
Bank of Scotland	(76,112)	
Secured Debenture Stock	(291,691)	
	(367,803)	
Surplus / (Deficit) available after Secured Creditors		(121,084)
Less Unsecured Creditors:		
Trade Creditors	(526)	
Unsecured deposits	(1,456)	
Subordinated Notes	(11,021)	
Interest Payable	(55,700)	
Other Liabilities	(5,713)	
	(74,417)	
Book Value Deficit (Subject to the cost of Receivership & Liquidation)		(195,501)

Please Note/Disclaimer:

- 1) This is the most up to date information available as provided by the Receivers.
- 2) This is the Group consolidated position of the following entities: Strategic Finance Ltd, Strategic Nominees Ltd, Strategic Advisory Ltd and Strategic Mortgages Ltd.
- 3) The asset values above represent the book values of the company and not necessarily the realisable values expected to be achieved by the Receivers.
- 4) The values are prior to Receivers and Liquidators' costs.
- 5) Please note that neither SFL nor the Receivers nor the Liquidators have verified or audited the attached information.
- 6) We are yet to confirm the security positions and priorities of secured parties. The above position is on the basis of our review of the notes to the 30 June 2009 Financial Statements.

APPENDIX 2: Creditors List

Creditor	Address		
ACCENT ON TRAVEL	PO BOX 9955	NEWMARKET	AUCKLAND
ACE PROPERTY CARE	9 RONALD MACKEN PLACE	MAIRANGI BAY	AUCKLAND
AGILE NZ LIMITED	PO BOX 100-120	NORTH SHORE MAIL CENTRE	AUCKLAND
AMBIUS (RENTOKIL) WELLINGTON	PRIVATE BAG 92-905	ONEHUNGA	AUCKLAND
ART ASSOCIATES	37 SCANLAN STREET	AUCKLAND	
AULD BREWER MAZENGARB & MCEWEN	9 VIVIAN STREET	PO BOX 738	NEW PLYMOUTH
BDO SPICERS WELLINGTON	P O BOX 10-340	WELLINGTON	
BELL GULLY	P O Box 4199	Auckland	
CARTIER FOR FLOWERS	25 TEED STREET	AUCKLAND	NEWMARKET
CHUBB NEW ZEALAND	PO BOX 68-649	AUCKLAND	
COMPUTERSHARE INVESTOR SERVICE	PRIVATE BAG 92119	AUCKLAND 1020	
CONTACT ENERGY	PO BOX 38097	WELLINGTON MAIL CENTRE	LOWER HUTT
CORPORATE EXPRESS	PO BOX 7126	WELLESLEY STREET	AUCKLAND
CREDITWORKS	PO BOX 74 357	MARKET ROAD	AUCKLAND
CROMBIE LOCKWOOD (NZ) LTD	PRIVATE BAG 68910	NEWTON	AUCKLAND
CURTIS MCLEAN LTD	P O BOX 2293	WELLINGTON	
Deadline Express	PO BOX 91-380	AUCKLAND	
DINERS CLUB INTERNATIONAL	P O BOX 7146	AUCKLAND	
ELECTRICITY DIRECT	PO BOX 106 724	AUCKLAND CITY POSTSHOP	
EXPRESS COURIERS	PO BOX 38817	WELLINGTON MAIL CENTRE	LOWER HUTT
FAIR PRICE ELECTRICAL LIMITED	10 TULLIS PLACE	BURSWOOD	PAKURANGA
Fruitrunners	Po Box 118	Pukekohe	
FUMACARE	PO BOX 21453	HENDERSON	AUCKLAND
GILBERT WALKER	48 SHORTLAND STREET	AUCKLAND	
GMACK CONSULTING LIMITED	623 RIDDELL ROAD	GLENDOWIE	AUCKLAND
H G LIVINGSTONES	PO BOX 13478	CHRISTCHURCH	
HAFELE	LEVEL 1 262 THORNDON QUAY	WELLINGTON	
JUST WATER	PRIVATE BAG 92-811	PENROSE	AUCKLAND
KELMORE CAPITAL LIMITED	C/- PAUL BENDALL	PO BOX 105 408	AUCKLAND
Knight Coldicutt	Barristers & Solicitors	Private Box 106214	AUCKLAND
KONICA MINOLTA	PO BOX 68 045	AUCKLAND	
Land Information NZ	Private Bag 5501	Wellington	
MINISTRY OF ECONOMIC DEVELOPME	Private Bag 92513	Wellesley Street	Auckland
MONDIAL ASSOCIATES LIMITED	PO BOZ 12184	THORNDON	WELLINGTON
NEW ZEALAND POST	WELLINGTON MAIL CENTRE	LOWER HUTT	
NEW ZEALAND TOWEL SERVICE	PO BOX 8860	SYMONDS	AUCKLAND
NEWZEALAND TOWEL SERVICES WGTN	PO BOX 38072	WELLINGTON MAIL CENTRE	LOWER HUTT
OFFICE MAX	JOHNSONVILLE	WELLINGTON	
ONLINE SECURITY SERVICES	PO BOX 9755	WELLINGTON	
PERPETUAL TRUST LIMITED	ATTENTION: STEPHANIE McGREEVY	PO BOX 3845	WELLINGTON, 6140
Quay Street Investments Ltd	P O Box 12 184	WELLINGTON	
REGENCY CABS (NZ)	PO BOX 902	SHORTLAND STREET	AUCKLAND
RICOH NEWZEALAND LIMITED	PO BOX 68024	Newton	Auckland
STRATEGIC ADVISORY LTD	P O BOX 24 042	WELLINGTON	
SMOKIN STATION	PO BOX 46-265	HERNE BAY	AUCKLAND
SOUTHERN CROSS HEALTH CARE	PIRVATE BAG 99934	NEWMARKET	AUCKLAND
SPOTLESS SERVICES LTD	P O BOX 5233	WELLINGTON	
SIGNATURE SECURITY GROUP	PO BOX 12945	PENROSE	AUCKLAND
TRIUMPH CAPITAL LIMITED	PO BOX 105 036	AUCKLAND	
TELECOM NZ LIMITED	FREEPOST 10053	PRIVATE BAG	AUCKLAND
TELESMART	PO BOX 6017	MARION SQUARE	WELLINGTON
TERABYTE	PO Box 99 250	Newmarket	Auckland
TESORI DESIGN LIMITED	C/- TONY ABRAHAM	PO BOX 105 408	AUCKLAND
THE BARROW	SHOP 28-29	WESTFIELD MALL, DOWNTOWN	AUCKLAND
THE IMMIGRANTS SON COFFEE LTD	10 ELIZABETH STREET	MT VICTORIA	WELLINGTON
THE INDEPENDENT	PO BOX 2182	AUCKLAND	
TNT EXPRESS WORLDWIDE (NZ) LTD	191-195 THE MALL	ONEHUNGA	AUCKLAND
TRAVEL CARD	AIR NEW ZEALAND	PRIVATE BAG 92007	AUCKLAND
WATERFORD PRESS (2001) LTD	P O BOX 22 385	CHRISTCHURCH	
WELLINGTON CLEANING SERVICES	PO BOX 11 193	WELLINGTON	
WILLIMONT BUSINESS TRAVEL	PO BOX 589	WELLINGTON	
WOOLWORTHS SHOPPING	PRIVATE BAG 93306	OTAHUHU	AUCKLAND
XANNAX WORKS LIMITED	PO BOX 23-064	WELLINGTON	
XTREME NETWORKS	PO BOX 13485	JOHNSONVILLE	WELLINGTON
YELLOW PAGES GROUP LIMITED	PO BOX 17345	GREENLANE	AUCKLAND