BROADLANDS
FINANCE LTD

PROSPECTUS
No. 11

15 September 2010

INDEX

For the purposes of Regulation 16 of the Securities Regulations 2009, the matters required to be stated or contained in this Prospectus by virtue of Schedule 2 to the Regulations are listed in the index below which shows the page of this Prospectus on which each matter appears.

Schedule 2

Clause **Page**

Clause 2 of Schedule 2 to the Regulations is not applicable.

DIRECTORY OF BROADLANDS FINANCE LIMITED

Registered Office and Registrar	Broadlands Finance Limited Level 3, 445 Karangahape Road, Newton, Auckland Freepost No 155106, Auckland
Directors	Anthony S Radisich Auckland Company Director Nigel P Smith B.Com, M.Tax.S (Hons), CA, TEP, AMINSTD Auckland Company Director Timothy I M Storey B.A., LL.B. Auckland Company Director Rudi Kats Auckland Company Director

Communications to Directors may be made through the Company's Registered Office (see above)

Auditors	BDO - Auckland Level 8, 120 Albert Street, Auckland 1010 PO Box 2219, Auckland, 1140
Trustee	Trustees Executors Limited Level 12, 45 Queen Street, Auckland
Bankers	Westpac New Zealand Limited Level 15,188 Quay Street, Auckland
Solicitors to the Company	Bell Gully HP Tower, 171 Featherston Street, Wellington
Consulting Actuary	Davies Financial and Actuarial Limited P O Box 35-258 Browns Bay Auckland

DIRECTOR PROFILES

Directors

Anthony S Radisich

Tony has in-depth knowledge of the motor vehicle industry and is the sole shareholder of Broadlands Finance Limited. Anthony Radisich does not guarantee the Debenture Stock.

Nigel P Smith, B.Com, M.Tax.S (Hons), C.A. TEP AMINSTD

Nigel is a chartered accountant specialising in corporate strategy, taxation and trusts and is a founder and Chairman of Covisory Partners Limited and Private Accounting Limited. Nigel is a lecturer in taxation at the AUT University. Nigel Smith does not guarantee the Debenture Stock.

Timothy I M Storey, B.A., LL.B.

Tim is a solicitor with over 25 years' experience, having practised law in both New Zealand and Australia. Tim Storey does not guarantee the Debenture Stock.

Rudi Kats

Rudi has in-depth knowledge of the motor vehicle and finance industry relating to vehicle finance. In addition to his role as a Director, Rudi is employed by the Company as Chief Executive Officer. Rudi Kats does not guarantee the Debenture Stock.

DEFINED TERMS

Defined terms used in this Prospectus have the meaning set out in the glossary on page 58 of this Prospectus.

SUMMARY

This Prospectus dated 15 September 2010 is for an issue of up to $40,000,000 of debenture stock ("Debenture Stock") by Broadlands Finance Limited ("Broadlands" or the "Company").

Subject to limited exceptions described below under "Prior Charges", the Debenture Stock is secured by a first ranking security interest over the present and future assets of the Charging Group.

The terms offered range from "at call" to five years.

HOW TO INVEST

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

MINIMUM SUBSCRIPTION

The minimum investment is $500 and the maximum is $250,000, or such larger amount as the directors may agree to accept.

INTEREST PAYMENT OPTIONS

Quarterly or Monthly Payment

You can choose to receive payment in any of the three following ways by selecting the relevant option on the Application Form attached to the Company's current Investment Statement:

1. Quarterly Compound

Rather than direct credit the interest, or send an interest cheque, each quarter, Broadlands will reinvest your net interest automatically. You will then earn interest on that interest. If you select "Quarterly compounding" in the Application Form and then later decide you would like to receive quarterly payments, Broadlands will make the change for future interest payments once Broadlands has received your request in writing.

2. Quarterly or Monthly Direct Credit

Broadlands credits the interest direct to your bank account each quarter or month end, as selected by you in the Application Form, and mails you a notice showing details of the amount credited. Quarterly interest payments are made on the last business days of March, June, September and December and on maturity or redemption. Monthly interest payments are made on the last business day of each calendar month and on maturity or redemption.

3. Quarterly or Monthly Payment

You receive the interest by cheque together with notice from Broadlands each quarter or month, as selected by you in the Application Form, through the mail.

DEBENTURE STOCK CERTIFICATE

For term investments you will receive a certificate containing full information about your investment. This will be your record of the terms on which the investment has been accepted by Broadlands. For "at call" investments you will receive a deposit receipt recording the details of your investment.

THE SECURITY FOR YOUR INVESTMENT

The Trust Deed provides that the Debenture Stock is secured by a first ranking security interest and charge over all the present and future assets of Broadlands and any Charging Subsidiaries. The Trustee holds this security on behalf of, and for the benefit of, all holders of Debenture Stock from time to time. As at the date of this Prospectus, Beneficial Insurance Limited and Vehicle Funding Limited, wholly owned Subsidiaries of Broadlands, are the only Charging Subsidiaries.

PRIOR CHARGES

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

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

NEW ZEALAND DEPOSIT GUARANTEE SCHEME

Broadlands currently has a guarantee under the New Zealand deposit guarantee scheme until 12 October 2010 (the "Guarantee"). Further information about this scheme is set out on pages 11 and 12 of this Prospectus and is also available, free of charge and at all reasonable times, on the Internet site maintained by or on behalf of the Treasury (www.treasury.govt.nz).

The Guarantee expires at 12.01am on 12 October 2010. This means that from 12 October 2010 the Crown does not guarantee either the payment of the principal or any interest on the Debenture Stock, in the event that Broadlands does not pay these amounts. If you invest for a term that matures after 12:01am on 12 October 2010, the repayment of your investment on maturity will not be guaranteed under the Guarantee.

TAXATION

Resident and New Zealand Branch Holders

The following summary applies to Debenture Stock holders who are New Zealand tax residents or who are not New Zealand tax residents but are engaged in business in New Zealand through a fixed establishment in New Zealand.

Resident withholding tax

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

RWT will be deducted at the rates applicable at the time the interest is paid or credited. The current RWT rates for individuals will reduce from 1 October 2010 to match the new personal income tax rates that apply from that date. In addition, the RWT rates for companies will change from 1 April 2011. The RWT rates indicated below are those that will apply until 1 October 2010 for individuals and until 1 April 2011 for companies. The RWT rates that will apply beyond those dates are indicated in brackets.

Where you do not supply your IRD number to Broadlands, RWT will be deducted at the default rate of 38% (33% from 1 October 2010). However, if an IRD number is supplied, then the following RWT rates will apply:

- 12.5% (10.5% from 1 October 2010) where you are a natural person or a trustee of a testamentary trust and you elect to apply this rate;
- 21% (17.5% from 1 October 2010) where you are a natural person or a trustee of a trust and you elect to apply this rate.
- 33% (30% from 1 October 2010) where you are a natural person or a trustee of a trust and you elect to apply this rate;
- 30% (28% from 1 April 2011) where you are a company (other than a corporate trustee) and you elect to apply this rate; and
- 38% where you are an individual, a trustee of a trust or a company that chooses to apply the 38% rate. This rate will not be available from 1 October 2010.

For individual or trustee Debenture Stock holders who acquire Debenture Stock after 1 April 2010 and who fail to notify Broadlands of any chosen RWT rate, RWT will be deducted at the non-notification rate of 38% (reducing to 33% from 1 October 2010).

For corporate Debenture Stock holders who fail to notify Broadlands of any chosen RWT rate, the non-notification rate of 33% (28% from 1 April 2011) will apply.

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

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

You should notify Broadlands of any changes to your elected RWT rate as a result of changes in your particular circumstances.

Financial arrangements rules

Debenture Stock will be a financial arrangement that is subject to the financial arrangements rules (summarised below). You should contact your normal taxation advisor to discuss how these and other taxation rules may apply to Debenture Stock you hold.

Cash-Basis Debenture Stock Holders

Under the financial arrangements rules, "cash-basis" Debenture Stock holders will be taxable (at their relevant marginal tax rate) on interest paid or credited to them on the Debenture Stock in the income year. RWT deducted from the interest by Broadlands will be allowed as a credit against tax payable by the Debenture Stock holder on the interest. Broadly, a "cash-basis holder" is a person who, in an income year:

- derives income or expenditure under financial arrangements of NZ$100,000 or less; or
- has entered into financial arrangements the aggregate absolute value of which is NZ$1m or less.

Provided that, in each case, in the particular income year, the difference between income calculated by applying a spreading method and income calculated on a cash receipts basis is not greater than NZ$40,000.

Non Cash-Basis Debenture Stock Holders

For Debenture Stock holders who are not "cash-basis holders", income in respect of the Debenture Stock must be spread over the term of the Debenture Stock using a spreading method prescribed in the financial arrangements rules. Tax is payable on income allocated to each income year using the spreading method at the holder's relevant marginal tax rate. RWT deducted by Broadlands from interest on the Debenture Stock will be allowed as a credit against tax payable on the income recognised under the financial arrangements rules.

Maturity or Transfer

Both cash-basis and non cash-basis Debenture Stock holders will be required to perform a "base price adjustment" in the income year in which the:

- Debenture Stock matures or is otherwise redeemed; or
- the Debenture Stock holder transfers the Debenture Stock.

The base price adjustment is a "wash-up" calculation which brings to account any income which has not been accounted for over the term of the Debenture Stock.

Non-Resident Holders

The following summary applies to Debenture Stock holders who are not New Zealand tax residents and who are not engaged in business in New Zealand through a fixed establishment.

Broadlands is required either to deduct non resident withholding tax ("NRWT") from interest payments made or credited to you, or to pay an Approved Issuer Levy ("AIL") in respect of such interest.

Where applicable, NRWT is required to be deducted from interest paid by Broadlands to you at the rate of 15% of the gross interest payment. This rate may be reduced under a double taxation agreement entered into between New Zealand and your country of residence. Broadlands will not compensate you or gross up for any NRWT deducted from interest payable on the Debenture Stock. If you are not associated with Broadlands and have no other New Zealand income tax obligations, the NRWT will be a final New Zealand tax. You may be able to credit NRWT paid against taxes imposed in your country of residence, depending on the taxation laws in your country of residence.

However, no NRWT would be required to be deducted if Broadlands pays a 2% AIL to the Inland Revenue Department in respect of the gross interest payment. AIL may only be paid in respect of interest paid to you if you are not "associated" with Broadlands for tax purposes. Interest paid to you in respect of which AIL is paid is not subject to any further New Zealand tax including NRWT. AIL is a duty and not a withholding tax and is payable by Broadlands itself, so it is unlikely that the levy could be credited against tax imposed on the interest payment in your country of residence.

You may request by written notice to the Registrar that AIL not be deducted from interest paid or credited in respect of your Debenture Stock, and that NRWT be deducted instead, at the rate required by law.

The above statements are based on applicable tax legislation current at the date of this Prospectus.

The Prospectus is not intended to constitute tax advice to Debenture Stock holders. Investors should consult their own taxation or other financial advisers concerning the taxation implications, in their particular circumstances, of owning and/or disposing of Debenture Stock.

CHANGE OF INTEREST RATES

At Call Investments

Interest rates payable on “at call” investments are subject to daily review by Broadlands and therefore do not appear on the Application Form.

The prevailing interest rate at any particular time may be ascertained by telephoning Broadlands on 0800 276 235.

Term Investments

Current interest rates for term investments are set out on the Application Form. From time to time market conditions alter and Broadlands may change interest rates on term investments to suit those conditions. Any alteration in rates will not apply to applications received before the change is made. Once accepted, a term investment will continue to earn the rate agreed on when the investment was made until the agreed maturity date.

If your application is received after a rate has been changed you will be promptly advised of the change and, unless you confirm within 10 days that you accept the new rate, your investment will be refunded.

Term investments which are not redeemed on maturity will accrue interest from the agreed maturity date at the Company’s “at call” rate applicable to the period until redemption.

REPAYMENT OF YOUR INVESTMENT

Before your Debenture Stock matures, Broadlands will write to you, enclosing a current Investment Statement and Application Form where available and seek your instructions for either reinvestment or repayment. You will need to return your Debenture Stock Certificate for cancellation with your instructions. Any amount you decide to reinvest will be reinvested at the then current interest rates and on such conditions as to term, interest payable and payment options as are offered by Broadlands at the time. You will receive a new Debenture Stock Certificate from Broadlands following the reinvestment. If you decide not to reinvest, then Broadlands will send you a cheque for the full repayment of your investment and any accrued and unpaid interest by post.

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

“At call” investments are repayable within 24 hours of your giving notice to Broadlands and Broadlands reserves the right to repay all “at call” investments at any time.

EARLY REPAYMENT

When Broadlands pays a particular rate of interest for a particular term, it does so in the expectation that the funds will remain invested for the full term. This allows the Company to properly plan the management of its resources.

Broadlands will consider early withdrawal of your investment in cases of an unexpected emergency, undue financial hardship, death (subject to compliance with legal requirements) or other circumstances at the discretion of the Directors. No early repayment will be made if, in the opinion of the Company, the repayment may prejudice the Company’s ability to pay call liabilities and scheduled maturing liabilities as they fall due.

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

TRANSFER

Debenture Stock may be transferred by you at any time to another person but the Company is not obliged to register any transfer during the fourteen days preceding any interest payment date or the maturity date.

STOCK EXCHANGE LISTING

Listing of the Debenture Stock is not being sought on any stock exchange and in the opinion of Broadlands, there is no market for the Debenture Stock on offer under this Prospectus.

CHARGING GROUP ACTIVITIES

Broadlands is a privately-owned New Zealand finance company which has been involved in the consumer and vehicle finance industry since 1995. Its principal operations have involved the provision of finance for the purchase of motor vehicles through motor vehicle dealers, primarily in the upper half of the North Island, and consumer, commercial and property mortgage finance.

With the changes that have taken place in the finance and motor vehicle industries over the last 24 months, in particular, the reduction in the number of industry participants offering finance in the business and commercial sector and the recent slow-down in motor vehicle sales, Broadlands has made changes to its business operations to remain competitive. Accordingly Broadlands has decreased the volume of lending for motor vehicles and secured personal loans and has slowly been increasing its commercial lending. This commercial lending can be broadly divided into two forms:

- lending to businesses for their own purposes, including for the acquisition of plant and equipment, commercial property projects and alternatives to bank funding. Typically these loans by Broadlands are secured by interests registered on the Personal Property Securities Register. The security interests can include specific chattel securities and/or registered general security agreements granted by the borrower and/or any guarantor. As at 31 August 2010, approximately 0.5% of the total advances by Broadlands were made up of this type of commercial lending.

- wholesale style lending arrangements where funds are advanced to a business entity for on-lending. Typically these loans by Broadlands are secured by general security agreements granted by the business borrower and/or any guarantor, registered on the Personal Property Securities Register. In addition, Broadlands is typically assigned the business borrower's interest in the individual loans made by the business borrower to its customers. As at 31 August 2010, approximately 19.5% of the total advances by Broadlands by were made up of this type of commercial lending.

As at 31 March 2010, Broadlands held a total of 3,742 loans compared with March 2009, when Broadlands held a total of 5,259 loans. The average loan amount as at 31 March 2010 was $9,448, compared with the average loan amount in March 2009 which was $6,581. Therefore, the average loan amount as at 31 March 2010 was approximately 43% higher than at the same time in the preceding year. This is primarily attributable to the increase in commercial lending (pursuant to which lending is, on average, for a greater amount). Conversely, the total number of loans as at 31 March 2010 was approximately 40% lower than at the same time in the preceding year. This is primarily attributable to the same cause.

As at 31 March 2010, of the total advances, 75% in dollar value were for motor vehicle / personal loans (March 2009: 99%), 4% in dollar value related to property mortgage finance (March 2009: 1%) and the remaining 21% related to finance provided to business and commercial customers (March 2009: 0%). As at 31 August 2010, these percentages had changed to 74% in dollar value for motor vehicle / personal loans, 7% in dollar value related to property mortgage finance and the remaining 19% related to finance provided to business and commercial customers. These percentages are likely to change in the future as the Company moves progressively into financing more business lending than it has previously.

Where Broadlands takes security to support any advances or other obligations owed to it, that security may be subject to other security interests, including prior ranking security interests. The need for security, and acceptability of security that is available, is determined by Broadlands on a case by case basis.

As at 31 March 2010 and 2009 the geographic spread of loans held by Broadlands was:

	2010	2009
Auckland	65%	53%
Waikato/Bay of Plenty	20%	28%
Rest of New Zealand	15%	19%

All lending activities are conducted from the head office in Auckland while a presence is still maintained in Papakura for the Company's credit control activities. The closure of a retail branch in Tauranga in April 2010 is reflected in the increase in concentration of lending in the Auckland region where our head office is located.

In addition to its lending activities, from time to time, Broadlands may acquire loans made by other lenders or fund loan commitments made by other lenders. Any acquisition of loans or funding of other lenders' commitments would be subject to detailed review by Broadlands prior to acquisition or funding.

Broadlands' policy is not to make loans to related parties that are not part of the Charging Group. The total amount of loans to parties that are related to a member of the Charging Group as at 31 March 2010 was nil and as at 31 March 2009 was $16,935.

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

Vehicle Funding Limited was incorporated on 16 January 2008 and subsequently acquired by the Company from Anthony Radisich, a director and the sole shareholder of the Company, for nominal consideration ($1.00). (Anthony Radisich does not guarantee the Debenture Stock.) Vehicle Funding Limited became a Subsidiary on 2 February 2009. As at the date of this Prospectus, Vehicle Funding Limited has only conducted a limited amount of business (Gross sales for March 2010: $26,400) providing wholesale funding to motor vehicle dealers. Broadlands believes that it is in a position to pursue this business opportunity as the number of finance company participants in this sector of the industry has reduced since the start of 2008.

CHARGING GROUP RISKS

Broadlands recommends that before applying for Debenture Stock you read in full all the information in this Prospectus, including the financial statements, to acquaint yourself with the business of the Company and its Charging Group, and to understand the risks involved in the business and the nature of the investment offered.

These risks may affect the Charging Group's ability to make repayment in full of the Debenture Stock or payment of interest thereon. It is important that you are aware of these risks before investing in Debenture Stock.

The principal risks of your investment not being recovered in full or you not receiving your returns are set out below. The Debenture Stock currently has the benefit of the Guarantee under the New Zealand deposit guarantee scheme. **The Guarantee expires at 12:01am on 12 October 2010**.

From 12 October 2010 the Crown does not guarantee either the payment of the principal or any interest on the Debenture Stock, in the event that Broadlands does not pay these amounts.

Any failure by the Charging Group to make any payment due on the Debenture Stock before 12 October 2010 should be met by the Crown under that Guarantee (subject to the limits contained in the Guarantee). In this regard, Broadlands and its directors are not aware of any reason as at the date of this Prospectus why the Guarantee under the New Zealand deposit guarantee scheme will not apply to the Debenture Stock until 12:01am on 12 October 2010.

The Guarantee in respect of the Debenture Stock, while in force, does not apply to all investors and is capped at $1 million for each individual investor. Investors should, therefore, satisfy themselves that the scheme applies to them. Full details of the scheme are available, free of charge and at all reasonable times on the Internet site maintained by or on behalf of the Treasury (www.treasury.govt.nz).

All investors from 12 October 2010 and any investors who do not have the benefit of the Guarantee, will be exposed to all of the risks outlined below. In addition, these risks will also be relevant if, for any reason, the Crown does not perform its obligations under the Guarantee or the Guarantee is otherwise unenforceable.

Concentration of the Company's loan assets in automobile and personal loans expose the Company to increased credit risks

The Company relies on the proceeds of repayment of the loans it makes to customers to make payments to Stockholders. If sufficient customers default on repaying loans in accordance with their terms, the Company may have insufficient funds to pay Stockholders.

Of the total advances, 75% (March 2009: 96%) in dollar value were for motor vehicle or personal loans, 4% (March 2009: 4%) in dollar value related to property mortgage finance and the remaining 21% related to finance provided to business and commercial customers. As at 31 March 2010, Broadlands held a total of 3,742 (March 2009: 5,259) loans, at an average loan of $9,448 (March 2009: $6.581).

In general, motor vehicle and personal loans generate higher returns but also pose greater credit risks than, for example, owner-occupied residential mortgage loans. This is owing to the value of assets securing vehicle loans being, in some cases (particularly where the loan is for 100% of the price of the vehicle and no security, other than over the vehicle, is obtained), lower initially than the amount of the loan and the accelerated depreciation of motor vehicles (resulting in the erosion in value of the Company's security over time) and the relative credit strength of customers attracted to motor vehicle loans. Personal loans may or may not be secured.

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

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

Default in repayment by loan customers may reduce assets of the company available to meet repayments to Debenture Stock customers.

As at 31 August 2010, 60% of all loans made by Broadlands were in default (31 August 2009: 48%). As at 31 March 2010, 43% of all loans made by Broadlands were in default (31 March 2009: 45%). Loans that are in default are loans where one or more payments have been missed or obligations not performed. Taking into account only loans that are in default where no payment has been made for 90 days or more these rates drop to 25% as at 31 August 2010 (31 August 2009: 38%) and 24% as at 31 March 2010 (March 2009: 34%). The increase in the percentage of loans in default that are held by Broadlands, as at 31 August 2010, as compared to the same time in the previous year, is primarily attributable to a reduction in the overall number of loans held by Broadlands.

The amount of the Company's receivables written off in the year ending 31 March 2010 was $1,125,177 or 3.2% of outstanding loans (March 2009: $313,823 or 0.9% of outstanding loans).

A number of the Company's loan assets are impaired

The Company's impairment allowance on finance receivables as at 31 March 2010 was $11,844,540 or 34% of all outstanding loans (March 2009: $8,232,091 or 24% of all outstanding loans). The increase in the impairment allowance of $3,612,449 over that recorded as at 31 March 2009 has occurred despite the total amount of the gross finance contract receivables of the Company only rising by $1,065,395 over the same period (from $34,287,505 to $35,352,900). The increase in the impairment allowance reflects a reduction in the overall value of the loans held by Broadlands. It has also adversely affected the financial performance of the Company for the 12 months to 31 March 2010 as the associated expense arising from the change in impairment contributed to the Company recording a net loss of $1,850,532 for that period. Further information is set out in note 13 to the financial statements.

The Company's net finance contract receivables of $23,427,794 (31 March 2009: $25,978,470), as at 31 March 2010, comprise performing loans of $15,035,068 (31 March 2009: $17,645,534) and non-performing loans of $20,317,832 (31 March 2009: $16,641,971) subject to an impairment allowance of $11,844,540. (31 March 2009: $8,232,091).

Performing loans include $2,878,091 of loans which are past due and not impaired (outside their contractual terms). The remainder of performing loans are not past due or impaired. Note 13 to the financial statements for the year to 31 March 2010 on pages 43 and 44 provides an aging of past due loans. Included in this past due balance is $3,852,022 of loans made to customers of a retail outlet that are subject to additional security and recourse arrangements with the retailer. These loans to customers of the retailer comprise the majority of the 90 days plus overdue balance in respect of "past due but not impaired" loans in note 13 on pages 43 and 44.

A loan is regarded as impaired where there is reason to believe that the estimated discounted future cash flows from the loan (using the original effective interest rate on the loan) are less than the carrying value of the loan. Non-performing loans (being loans which are impaired) are recorded at a net balance representing the expected cash flows from the loans discounted at the original effective interest rate. The Company's credit control division continually monitors and reports on these cash flows. Further details of these loans and the impairment allowance are provided in note 13 to the financial statements. An impairment allowance of $11,844,540 is provided at 31 March 2010 as disclosed in note 13 to the financial statements. Future cash flows from finance receivables are inherently uncertain and given current economic climate these uncertainties are fundamental to their recoverability. In the event the actual cash flows do not meet expected cash flows, further impairment allowances would be required.

Loans repaid by customers during some periods may be insufficient to service the liabilities of the Company – if further funds from depositors or other sources are not raised, the Company will not be able to pay Stockholders during these periods

Liquidity or funding risk is the ability to meet maturing liabilities from available resources.

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

- the continued financial support of the shareholder (although the shareholder does not guarantee the Debenture Stock);
- scheduled payments received on its loans to customers (which will be affected not only by the contractual repayment schedule in these loans but by the credit risk of each loan customer and the ability to enforce these loans against the underlying security);
- its ability to sell loans to third parties to raise sufficient cash to pay liabilities;
- its ability to raise further funds from depositors including its ability to raise funds from Stockholders under this offer;
- any unused capacity to borrow; and
- its net loan growth through the relevant period (which will reduce the cash and other readily available assets available to meet liabilities).

Historically, Broadlands has not borrowed from banks (other than its normal overdraft facilities) nor sold loans to third parties and there is no assurance that it could do so. The principal source of funds for Broadlands is deposits from Stockholders and advances from the shareholder (although the shareholder does not guarantee the Debenture Stock). If sufficient funds are not received then this will affect the Company's ability to pay Stockholders and make further loans.

While immaterial loan defaults can benefit the Company by triggering increases in the interest rate and/or fees applicable to the loan in default (provided these increases can be recovered from the customer), there is no guarantee that Broadlands will not suffer from increased material defaults on its loans that adversely affect its cash flow or assets. If material loan defaults exceed levels anticipated the Company may have insufficient cash to repay Stockholders.

Tables setting out expected cash flows of the Company are shown in note 4 to the financial statements on pages 36 and 37. These tables were prepared as at 31 March 2010 and summarise the liquidity position of the Company at that time. These tables are prepared based on historical performance and estimates and there can be no assurance that the cash flows set out therein will be the actual cash flows for the items and the periods presented. The Directors expect that the Company would raise funds to meet any net liabilities in this period by issuing further Debenture Stock (whether by reinvestment or as a new issue) with maturity dates that fall outside the period of illiquidity; establishing a bank or other credit line (subject to Trustee approval of security arrangements); reducing lending; and/or selling portions of its assets and/or drawing on support made available to Broadlands by Tony Radisich, the sole shareholder of Broadlands. In providing support to Broadlands, Mr Radisich has committed:

- that he will not withdraw support from Broadlands within the 12 months from 20 August 2010; and
- that he will use his best endeavours in giving Broadlands the management and financial support it may require to enable it to pay its creditors as they fall due, in so far as such payments cannot be funded from Broadlands' own resources, within the 12 months from 20 August 2010.

The Directors are satisfied that Tony Radisich has the resources and ability to meet his obligations under this commitment if called upon by Broadlands.

In the period between 31 March 2010 and the date of this Prospectus, Tony Radisich, has subscribed for $1,370,000 of Debenture Stock having terms between two and eight months and advanced a further $1,065,000 by way of existing loans to the Company. As at the date of this Prospectus, Tony Radisich and/or his associated company Timberton Investments Limited, holds $ 3,688,000 in aggregate principal amount of Debenture Stock and has loans to the Company outstanding in an aggregate principal amount of $6,265,000. Notwithstanding these further investments in Debentures and his commitment described above, Tony Radisich does not guarantee the Debenture Stock.

The average Debenture reinvestment rate over the five months from 1 April 2010 to 31 August 2010 was 47% of investments maturing in that period, compared to the twelve month average to 31 March 2010 of 58% (For the five months from 1 April 2009 to 31 August 2009, Debenture reinvestment rate averaged 56% of investments maturing in that period compared to the twelve month average to 31 March 2009 of 23%).

Emphasis of matters contained in Audit Report

In forming their unqualified opinion on the 31 March 2010 financial statements, the auditors have emphasised matters relating to the impairment of goodwill and the finance receivables impairment allowance. In that opinion the auditors stated:

> *"In forming our unqualified opinion, we have considered the adequacy of the following disclosures made in the financial statements in respect of:*
>
> ***Impairment of Goodwill***
>
> *The assessment made by the Directors of the need for impairment of goodwill arising from the acquisition of Beneficial Insurance Limited. This assessment is based on the 'value in use' of the goodwill as calculated using a discounted cash flow methodology. The forecasts used in the discounted cash flow methodology are based on key assumptions as disclosed in note 15 and indicate that goodwill is not impaired. Actual events are likely to vary from those assumptions and if the forecasts are not achieved, the value of goodwill may be impaired. The financial statements do not include any adjustments that might be required should the goodwill be impaired.*
>
> ***Finance Receivables Impairment Allowance***
>
> *The assessment made by the Directors of the finance receivable impairment allowance. Gross finance receivables are predominately unsecured and rely on future cash flows. The assessment for impairment of finance receivables is based on the forecast of future discounted cash flows from finance receivable categories and from the residual value of certain categories, and the realisation of underlying securities. An impairment allowance of $11,844,540 has been provided at 31 March 2010 as disclosed in note 13. This assessment of impairment is based on methodologies and estimates that reflect management's and the Directors' past experience and expectations of the future cash flow performance of the various finance receivable categories. Future cash flows and realisation of securities from finance receivables are inherently uncertain and given the current economic climate these uncertainties are fundamental to their recoverability. In the event the actual cash flows do not meet the forecasts, further impairment allowances would be required. Accordingly we are unable to estimate the impact of this uncertainty on the calculation of the impairment allowance."*

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

Changes in market interest rates could adversely affect the Company's ability to pay Stockholders

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

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

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

The Company relies on net positive cash flow in order to meet its overhead costs

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

The loans made by the Company are geographically concentrated resulting in greater exposure of the Company to regional conditions

The Company's loans are made to customers concentrated in the Auckland and Waikato regions. As at 31 March 2010, 65% of the Company's loans by value were advanced to customers in the Auckland region (31 March 2009: 53%) and 20% of the Company's loans by value were advanced to customers in the Bay of Plenty or Waikato regions. (31 March 2009: 28%).

Economic events and changes in local market conditions which the Company and its borrowers cannot control could have an adverse impact on the cash flows generated by these loans and on the values of the collateral securing these loans. In addition, motor vehicles tend to decline in value more rapidly than land and buildings during economic recessions.

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

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

The Company is exposed to risks relating to the Crown Deposit Guarantee Scheme

The Company currently has the benefit of the Guarantee under the Crown deposit guarantee scheme. In the period from November 2008, following the Company's approval to participate in the scheme, to 31 March 2010, the Company's Debenture Stock funding increased from $12.5 million to $15.0 million. The current scheme and the Guarantee expire at 12.01am on 12 October 2010. While the Government has announced a revised deposit guarantee scheme to 31 December 2011, the Company is currently not eligible to participate in that new scheme because it has a BB- long term issuer credit rating and the minimum credit rating to be eligible for participation in the new scheme is BB or above. From 12 October 2010, Broadlands may experience a reduction in new investments or reinvestments in Debenture Stock owing to the Debenture Stock not having the benefit of the Crown guarantee from 12 October 2010. This could have a material adverse effect on the financial performance and financial condition of the Company, including its liquidity.

Value of intangibles

Goodwill arising from the acquisition of Beneficial Insurance Limited is recorded in Broadlands' balance sheet as at 31 March 2010 as an intangible asset with a carrying value of $7,416,751. This value is assessed each year by using discounted cash flow forecasts. These forecasts, which are based on key assumptions disclosed in note 15 to the financial statements, indicate that goodwill is not impaired. If these forecasts and underlying assumptions are not achieved, actual events are likely to vary from that forecast; the value of goodwill may be impaired.

Regulation of non-bank deposit takers may impair the Company's ability to operate effectively and pay Stockholders

Broadlands, being an issuer that continuously offers debt securities to the public and either lends money or provides financial services (but who is not a building society, credit union, or co-operative company) is required to comply with certain obligations under the Securities Regulations 2009. Under the Regulations, the Company must:

- provide regular reports to the Trustee about the Company's financial position and regularly certify compliance with the Trust Deed;
- keep the Trustee informed of matters relevant to the Trustee's duties;
- have the Borrowing Group's half-yearly financial statements audited or, if that requirement is waived by the Trustee, have them reviewed;
- provide the Trustee with copies of the Borrowing Group's audited annual and half-yearly financial statements;
- consult with the Trustee on the appointment of auditors and inform the Trustee if an auditor resigns or declines appointment or reappointment; and
- include specific conditions in the terms of appointment of auditors, which will give auditors responsibilities in relation to the Trustee.

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

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

Amendments to the Reserve Bank Act 1989, made in September 2008, include a requirement that all finance companies, building societies and credit unions (known as non-bank deposit takers ("NBDTs")) be licensed by a prudential regulator - The Reserve Bank of New Zealand. The changes to the Act granted the Reserve Bank of New Zealand broad powers to make regulations relating to NBDTs, including establishing governance requirements, preparation of a formal risk management programme which is to be approved by NBDT's trustee and subject to external audit, restrictions on related party credit exposures and minimum liquidity and capital requirements.

As part of the review, the Deposit Takers (Credit Ratings, Capital Ratios and Related Party Exposures) Regulations 2010 (the "Deposit Taker Regulations") were introduced in June 2010. The Deposit Taker Regulations, which come into force on 1 December 2010, require a minimum capital ratio, calculated in accordance with those regulations, to be included in all NBDT's trust deeds. In summary, the minimum capital ratio is the ratio of an NBDT's capital to an amount representing the credit risk, market risk and operational risk to which the NBDT is exposed. The amount of credit risk is calculated under a formula set out in the Deposit Taker Regulations which assigns a risk weighting multiplier (ranging from 0% to 600%) to various classes of financial assets. To calculate the overall credit risk for the Company, the value of its financial assets is multiplied by the relevant risk weighting. In general, riskier assets are assigned a higher multiplier. Market and operational risk is calculated by applying a fixed ratio that does not depend on the asset classes. The minimum capital ratio for NBDTs with a credit rating from an approved credit rating agency must not be less than 8%.

These Regulations, once in force, will also limit related party exposure. In particular, all trust deeds of NBDTs will be required, from 1 December 2010, to specify the limit on related party exposures relative to the NBDT's capital base, as calculated in accordance with the Deposit Taker Regulations. The limit must not exceed 15% of the NBDT's capital. The Deposit Taker Regulations also introduce governance requirements which prohibit NBDTs that are subsidiaries from including provisions in their constitutions that would allow directors to act other than in the best interests of the NBDT. In addition, NBDTs that are companies must have a chairperson who is not an employee of either the NBDT, or a related party, and must have at least two independent directors.

In order to continue operating under the proposed reforms, the Company was required to implement a risk management programme from 1 September 2009 and obtain a credit rating with an approved credit rating agency by 1 March 2010. On 25 February 2010, the Company was assigned a BB- long term issuer credit rating from approved rating agency Standard & Poor's with negative outlook. The Company's short term credit rating is B. Further information about these credit ratings can be found on page 12 of this Prospectus under the heading "Credit Rating". The Company has adopted a formal risk management programme as of 1 September 2009. This risk management programme has been approved by the Trustee.

Broadlands believes it complies with the proposed governance requirements and has work underway to address compliance with the capital adequacy requirements. Based on work to date, Broadlands believes that it will meet the 8% minimum capital ratio as at 1 December 2010. However, if Broadlands requires additional capital to meet these requirements and is unable to obtain it, Broadlands would potentially be unable to continue to offer Debentures, reducing its ability to obtain funding to meet its liquidity requirements and obligations to Stockholders.

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

In addition, the Financial Services Providers (Registration and Dispute Resolution) Act 2008 (the "FSP Act") introduces a mandatory registration and disputes resolution regime for financial services which includes NBDTs, such as Broadlands. The transitional scheme for implementing the mandatory registration of financial service providers commenced on 16 August 2010, when the register opened under the FSP Act and persons could start voluntarily registering under that Act as a financial service provider. From 1 December 2010, it will be mandatory for all providers of financial services (other than financial adviser services) to be registered under the FSP Act, one of the requirements of which is being a member of an external dispute resolution scheme.

By increasing the Company's compliance and operating costs, these Deposit Taker Regulations, and any changes in the laws applicable to the Company or banking regulators supervisory policies or examination procedures, could have a material adverse affect on the Company's business, financial condition, results of operations and cash flows, or its ability to raise funds from depositors to pay liabilities, and may affect the Company's ability to pay Stockholders. In addition, if the Company is unable to access sufficient levels of additional capital to meet its obligations then this will have a material adverse effect on the financial performance and financial condition of the Company.

Strong competition may limit profitability of the Company

The Company faces significant competition both in attracting deposits and in the origination of loans. Finance companies, credit unions and commercial banks operating in the Company's primary market area have historically provided most of its competition for deposits. In addition the Company faces additional and significant competition for funds from mutual funds, exchange traded funds and issuers of corporate and government securities. Many of the Company's competitors have substantially greater financial and other resources.

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

The loss of key personnel would adversely affect the Company

Broadlands relies on an experienced management team and any loss of key personnel may negatively impact, in the short term, the Company's ability to execute its current business strategy and initiatives.

The failure to manage operational risks would adversely affect the Company

Operational risk can arise from inadequate or failed internal processes, human error, physical disasters or systems failure and these could expose Broadlands to financial loss or damage. Significant losses might prevent the Company making payments to Stockholders.

The senior management team is responsible for identifying and measuring the size and scope of Broadlands' risk exposures and implementing strategies to monitor and mitigate any aspect of operational risk. Control and reduction of these risks includes segregation of functions, delegated lending authorities and regular internal review and audit of systems, personnel and loans made.

The Broadlands senior management team comprises of the following:

Rudi Kats (Chief Executive Officer) joined Broadlands in March 2007. Rudi has in excess of 30 years experience in the finance and motor vehicle sectors working with a number of financial institutions in New Zealand as well as a variety of roles in the motor vehicle industry.

Brian Capper (Chief Financial Officer) joined Broadlands in December 2006. Brian comes from a manufacturing environment and has skills in management accounting and systems development.

Anita Bowe (Credit Manager) joined Broadlands in November 2005. Anita has extensive credit and collections management experience. Previous positions include Group Credit Manager for a multi-national rental car company and Regional Manager for a large Government organisation. She has significant collections experience in the banking sector.

Grant Hetherington (Investment Manager) joined Broadlands in October 2008. Grant has over 25 years experience in the finance industry and has gained a wealth of knowledge in Investment Management working with a number of high profile financial institutions. More recently, Grant has managed a commercial lending team with offices located throughout New Zealand.

Significant litigation would adversely affect the Charging Group

As at the date of this Prospectus there are no known litigation risks facing the Charging Group. The Company carries statutory liability and indemnity insurance in respect of those risks that are able to be insured on a commercially viable basis.

Further economic recession would adversely affect the Charging Group

With the economy being in a recessionary phase of the business cycle, the Charging Group is exposed to the risk of the downturn affecting its customers' ability or willingness to borrow funds from Broadlands or to meet their payment obligations in respect of borrowed funds, and the willingness or ability of its investors to invest in the Company's Debenture Stock. The downturn may adversely impact the Company's ability to maintain its lending margins, the ability of borrowers from the Company to repay their loans, or the Company to realise assets from which to recover those loans if they are not repaid when due. If investors do not invest in Debenture Stock, the Company may need to find alternative sources of funding at a potentially greater cost than the cost of Debenture Stock funding.

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

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

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

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

There is no market for Debenture Stock

There is no active market for Debenture Stock. Accordingly, there is limited practical ability for Stockholders to sell Debenture Stock.

THE TRUST DEED

The Debenture Stock will be issued in accordance with the Trust Deed dated 26 April 2001 between the Company and the Trustee, as amended by the Deed of Modification dated 3 October 2002 and as amended from time to time (the "Trust Deed"). Under a Supplemental Trust Deed dated 11 April 2005 between Beneficial Insurance Limited and the Trustee, Beneficial Insurance Limited has guaranteed the obligations of the Company and each other Charging Subsidiary under the Trust Deed. Under a Supplemental Trust Deed dated 7 September 2009 between Vehicle Funding Limited and the Trustee, Vehicle Funding Limited has guaranteed the obligations of the Company and each other Charging Subsidiary under the Trust Deed.

SECURITY

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

The Debenture Stock is also secured by a guarantee and first ranking security interest, under the Supplemental Trust Deeds, in favour of the Trustee, over the present and future assets of Beneficial Insurance Limited, and Vehicle Funding Limited. In addition, Broadlands has a guarantee under the New Zealand deposit guarantee scheme as described below.

NEW ZEALAND DEPOSIT GUARANTEE SCHEME

As indicated above, Broadlands has a guarantee under the New Zealand deposit guarantee scheme. In broad terms, this means that until 12 October 2010 the Crown guarantees the payment of principal and interest on the Debenture Stock (up to $1 million for each eligible investor) if Broadlands does not, for any reason, pay those amounts.

The Guarantee expires at 12.01am on 12 October 2010. This means that from 12 October 2010 the Crown does not guarantee either the payment of the principal or any interest on the Debenture Stock, in the event that Broadlands does not pay these amounts. Broadlands is not eligible to participate in the extended deposit guarantee scheme.

While in force, the Guarantee provides that the Crown:

(a) guarantees to Stockholders the payment by Broadlands of interest on, and repayment of the principal amount of, the Debenture Stock (up to a maximum amount of $1 million per eligible Stockholder) owing during the period commencing at 12.01 am on 12 October 2008 and expiring at 12.01am on 12 October 2010; and

(b) undertakes to each Stockholder that if Broadlands does not pay to it when due and payable any amount payable in respect of the Debenture Stock during the period of the Guarantee, then the Crown will pay that amount to the Stockholder when it is due and payable (unless any such payment has not been made by Broadlands solely as a result of an administrative error or technical error and is subsequently paid by Broadlands within seven days of its due date).

In order for a Stockholder to have the benefit of the Guarantee:

(a) they must be a "Creditor" within the meaning of the Guarantee;

(b) they must provide the Crown with a notice of claim in respect of the amount payable to it by Broadlands; and

(c) the Crown will need to satisfy itself as to the amount payable to the Stockholder by Broadlands and to such other matters as the Crown reasonably considers appropriate to determine the extent of its liability to that Stockholder under the Guarantee.

The Guarantee does not apply to all investors, such as certain related parties of Broadlands, financial institutions, non-New Zealand persons and nominees of any such persons. Accordingly, potential investors should satisfy themselves that the Guarantee applies to them.

If the Guarantee is withdrawn by the Crown prior to 12 October 2010, whether due to a breach of the terms of the Guarantee by Broadlands or otherwise, the Guarantee will continue to apply to all Debenture Stock issued prior to the date of withdrawal.

During the term of the Guarantee, Broadlands will need to comply with the restrictions imposed under the Guarantee, in particular, Broadlands must not, and must ensure that its subsidiaries do not, without the prior written consent of the Crown:

(a) make any distribution (within the meaning of the Companies Act 1993) on the ordinary shares of Broadlands other than:

 (i) through a redemption of shares which it is required to make in accordance with the terms of those shares (in place as at 12 October 2008) (other than shares which are redeemable at the option of the holder and which are held by any person who controls, or who is under common control with, Broadlands);

(ii) the payment of fixed dividends on shares which are required to be made in accordance with the terms of those shares (in place as at 12 October 2008);

(iii) the payment of dividends provided the aggregate amount of such dividends in any financial year does not exceed the profit for the previous financial year of Broadlands (as shown in its annual financial statements for that year); or

(iv) the making of a distribution by a subsidiary of Broadlands to Broadlands or to any other member of the Broadlands group; or

(b) enter into any transaction (or series of linked or related transactions) having a value exceeding 1% of the value of Broadlands's assets otherwise than on arm's length terms; or

(c) enter into any transaction (or series of linked or related transactions) having a value exceeding 1% of the value of Broadlands's assets with any person who controls, or who is under common control with, Broadlands (other than a wholly owned subsidiary of Broadlands) unless:

(i) that transaction is on arm's length terms; and

(ii) an independent expert approved by the Crown in writing has certified to the Crown in writing that the transaction is, in the opinion of the expert, on arm's length terms.

The Treasury has made the deposit guarantee scheme more flexible by withdrawing existing deeds and replacing them with revised deeds to reflect modifications made by the Crown to the terms and conditions of the current scheme. Broadlands entered into a revised deed with the Crown on 15 December 2009 (for further information, see page 55 under the heading "Material Contracts"). The revised deed became effective on 1 January 2010.

In broad terms, the revised deed clarifies various arrangements that may arise if a deposit taking institution (such as the Company) defaults. In particular, the revised deed entered into by the Company:

- allows the Company to offer both guaranteed and non-guaranteed debt securities;
- allows a 14 day "stand down" period between a potential default and invoking the Crown guarantee, which could provide time for the Company to resolve any issues that have arisen; and
- allows the Crown to set a timeframe for claims to be made after a default.

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

CREDIT RATING

The creditworthiness of Broadlands has been rated by Standard & Poor's Ratings Service, an approved rating agency under section 157J of the Reserve Bank of New Zealand Act 1989. The local currency (New Zealand dollar) long term issuer credit rating assigned to Broadlands is BB-, with negative outlook. The Company has also been assigned a short term issuer credit rating of B.

Under a long term issuer credit rating, an obligor rated 'BB' is less vulnerable in the near term than other lower-rated obligors. However, it faces major ongoing uncertainties and exposure to adverse business, financial, or economic conditions which could lead to the obligor's inadequate capacity to meet its financial commitments. The minus sign (-) shows relative standing within the rating category. Under a short term issuer credit rating, an obligor rated 'B' is regarded as vulnerable and has significant speculative characteristics.

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

'AAA' Extremely strong capacity to meet financial commitments. Highest Rating

'AA' Very strong capacity to meet financial commitments

'A' Strong capacity to meet financial commitments, but somewhat susceptible to adverse economic conditions and changes in circumstances

'BBB' Adequate capacity to meet financial commitments, but more subject to adverse economic conditions. Considered lowest investment grade by market participants

'BB+' Considered highest speculative grade by market participants

'BB' Less vulnerable in the near-term but faces major ongoing uncertainties to adverse business, financial and economic conditions

'B' More vulnerable to adverse business, financial and economic conditions but currently has the capacity to meet financial commitments

'CCC' Currently vulnerable and dependent on favourable business, financial and economic conditions to meet financial commitments

'CC' Currently highly vulnerable

'C' Currently highly vulnerable obligations and other defined circumstances

'D' Payment default on financial commitments

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

The ratings agency announcement (dated 25 February 2010) issued in connection with the ratings stated:

"*The ratings on Broadlands reflect the company's vulnerable liquidity, with more than half of its outstanding retail debentures maturing in the coming 12 months, and its cash position in part hinging on the collections from its higher-risk consumer loan portfolio. This said, Broadlands had a fairly diversified debenture investor base, and the company's sole shareholder has a track record of providing liquidity support to it where necessary.*

Although Broadlands' credit-loss experience has been fairly well managed to date, the credit profile is moderated by the higher-risk nature of the company's loan receivables portfolio, which exhibits a high level of loan arrears. Broadlands' funding base relies heavily on its single shareholder, in the form of debts as well as equity, and its business profile also links to the experience and connections of the shareholder. Favourable features of Broadlands' credit profile include the company's good interest margins and capital-adequacy ratio, which provide good capacity for absorbing materially higher credit losses.

The negative rating outlook incorporates the uncertainty around Broadlands' ability to manage its liquidity position through 2010 – stemming from changes to New Zealand's deposit-guarantee scheme and the imposition of other regulatory requirements on New Zealand nonbank deposit-taking companies – and an expectation that profitability may come under pressure from some contraction in interest margins and potentially higher credit costs. Further explicit support for Broadlands from its shareholder, however, could contribute to the upwards rating momentum, or, at a minimum, greater ratings rigidity at the current rating level."

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

Standard & Poor's has provided Broadlands with an in-depth opinion of its strengths and weaknesses and the Company is now able to work on the latter to further enhance its business.

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

TRUSTEE'S RESPONSIBILITY

The Trustee's duties are to hold the security interest over Broadlands' present and future assets on behalf of all investors, to receive reports as set out in the Trust Deed, and if necessary to enforce the Trust Deed and the Supplemental Trust Deeds on behalf of all investors. The Securities Regulations 2009 require the Trustee to exercise reasonable diligence:

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

The Trustee confirms that the offer of Debenture Stock complies with all relevant provisions of the Trust Deed. However, the Trustee notes that the Company failed to lodge its audited financial statements for the year to 31 March 2010 with the Trustee by 30 June 2010 as required under clause 6.1(a) of the Trust Deed. The Company had sought and was granted a temporary waiver to allow time to complete the financial statements and its discussions with the auditors. However, following the expiry of that waiver without delivery of the financial statements, on 17 August 2010 Broadlands ceased allotting securities under its prior prospectus. The financial statements and an unqualified audit opinion were delivered to the Trustee on 20 August 2010, remedying the breach of the Trust Deed. Further information about this breach is set out below in the section entitled "Directors' Statement".

The Trustee and its Directors do not guarantee the repayment of the Debenture Stock or the payment of interest thereon.

FINANCIAL RATIOS

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

a) Total Liabilities limitation

Permit Total Liabilities to exceed 89% of Total Tangible Assets;

b) Stock and Prior Charges ratio

Permit the aggregate of:

i) The Principal amount (excluding any amounts contingently owing) of all Debenture Stock, including Security Stock; and

ii) The amount of Total Contingent Liabilities that are secured by Security Stock (and for this purpose a certificate by the relevant Stockholder as to the amount of such liabilities shall be conclusive); and

iii) The principal amounts outstanding under Prior Charges,

to exceed the aggregate of:

iv) 95% of Total Readily Realisable Investments;

v) 90% of Total Secured Receivables;

vi) 80% of Total Unsecured Receivables; and

vii) 60% of Total Other Tangible Assets;

c) Total Contingent Liabilities ratio

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

d) Prior Charges limitation

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

Note: In this section the capitalised terms have the meaning given to them in the Trust Deed. A brief definition of some of these terms can be found in the glossary on page 58. More detailed definitions can be found in the Trust Deed.

REGULAR REPORTS

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

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

- More frequent financial statements, if the Trustee considers that there are special circumstances.
- Copies of all circulars, reports and other communications sent to the shareholder at or in relation to any meeting.
- Monthly management accounts, as requested by the Trustee.
- Financial statements of any Subsidiaries.
- A quarterly certificate from the Directors certifying that interest and principal has been paid when due, that registers have been properly kept and that Broadlands has carried out its obligations under the Trust Deed. This certificate, which includes calculations of the financial ratios set out in the Trust Deed, must be given within six weeks after the end of each quarter.
- Independent reports from Broadlands' auditors, to be supplied to the Trustee semi-annually.
- Notice of changes in Subsidiaries (if there are any) and of various other events.

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

In addition, Broadlands, being an issuer that continuously offers debt securities to the public and either lends money or provides financial services (but who is not a building society, credit union, or co-operative company) is required to comply with certain obligations under the Regulations. The Regulations relate, primarily, to the powers of trustee's and issuers' obligations in respect of trustees. A brief outline of the additional obligations imposed on Broadlands under these regulations are discussed on page 9 under the heading "Regulation of non-bank deposit takers may impair the Company's ability to operate effectively and pay Stockholders".

ENFORCEMENT

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

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

If an event of default occurs the Trustee may declare the funds owing under the Trust Deed to become immediately due and payable; take possession of and realise the assets of Broadlands to repay the Debenture Stock; and /or appoint a receiver.

MEETINGS OF THE STOCKHOLDERS

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

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

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

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

DIRECTORS' STATEMENT

Breach of Trust Deed

Pursuant to clause 6.1(a) of the Trust Deed, the Company was required to lodge its audited financial statements for the year to 31 March 2010 with the Trustee by 30 June 2010. Those financial statements had not been finalised on that date because of a difference of opinion between the Company and its auditors as to the interpretation of IAS 39 and the measurement of impairments required to be recognised by the Company in accounts. As a consequence of the delay, the Company sought and was granted a temporary waiver to allow time to resolve the matter. Following the expiry of that waiver without resolution of the matter, on 17 August 2010 Broadlands ceased allotting securities under its prior prospectus. The Company engaged an independent accountant to provide expert accounting advice to help resolve the difference of opinion. Subsequently, the matter was resolved with the financial statements being signed by the Company and an unqualified audit opinion (with two Emphasis of Matter paragraphs – refer pages 61 to 62 of this Prospectus) issued on 20 August 2010. The breach of the Trust Deed was remedied on that date.

Given that the previous prospectus had been withdrawn and that the financial statements for the year to 31 March 2010 disclosed a change in profitability of the company and in the value of its assets, the Directors determined to prepare a new prospectus incorporating these new financial statements before accepting further applications for Debentures.

Opinion

After due enquiry in relation to the period between 31 March 2010, being the date of the latest statement of financial position set out in this Prospectus, and the date on which this Prospectus was registered, in our opinion no circumstances have arisen that materially adversely affect the trading or profitability of the Charging Group or the value of its assets or the ability of the Charging Group to pay its liabilities due within the next 12 months.

Financial Review: Summary of Audited Financial Statements for the Borrowing Group

The following information has been extracted from the audited financial statements of the Group for the past 5 years.

The financial statements for the Company and the Charging Group for the year ended 31 March 2010 can be viewed on the Companies Office website (companies.co.nz) or a copy can be requested by calling the Company directly on 0800 276 235.

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

STATEMENTS OF COMPREHENSIVE INCOME	NZIFRS Audited Year Ended 31/3/2010 $	NZIFRS Audited Year Ended 31/3/2009 $	NZIFRS Audited Year Ended 31/3/2008 $	NZIFRS Audited Year Ended 31/3/2007 $	NZ GAAP Audited Year Ended 31/3/2007 $	NZ GAAP Audited Year Ended 31/3/2006 $
Interest and similar income	7,418,281	7,748,750	8,661,729	8,297,231	8,334,068	6,677,473
Interest expense and related charges	(2,367,789)	(2,351,793)	(3,231,241)	(2,257,730)	(1,998,786)	(2,407,984)
Net interest income	**5,050,492**	**4,561,386**	**5,430,488**	**6,039,501**	**6,335,282**	**4,269,489**
Fee and commission income	1,155,402	977,226	1,681,815	2,056,500	2,379,761	2,500,043
Fee and commission expense	(75,654)	(58,153)	(396,163)	(761,506)	(761,506)	(910,901)
Net fee and commission income	**1,079,748**	**919,073**	**1,285,652**	**1,294,994**	**1,618,255**	**1,589,142**
Insurance income	2,537,764	2,636,254	3,133,969	4,751,734	4,747,852	3,753,265
Insurance expense and related charges	(999,868)	(1,026,731)	(1,585,948)	(3,446,260)	(2,737,044)	(1,650,198)
Net insurance income	**1,537,896**	**1,609,523**	**1,548,021**	**1,305,474**	**2,010,808**	**2,103,067**
Other income	326,712	9,065	6,612	28,870	143,512	13,540
Other operating income	**326,712**	**9,065**	**6,612**	**28,870**	**143,512**	**13,540**
Total operating income	**7,994,848**	**7,099,047**	**8,270,773**	**8,668,839**	**10,107,857**	**7,975,238**
Employee benefits expense	(2,047,196)	(2,178,842)	(3,299,029)	(3,588,664)	(3,588,664)	(3,196,128)
Net impairment (loss)/ gain on financial assets	(6,353,757)	(2,287,563)	219,187	(1,679,127)	(1,539,225)	(972,236)
Operating lease expenses	(332,378)	(365,163)	(423,909)	(497,286)	(497,286)	(369,907)
Depreciation	(99,402)	(137,635)	(141,196)	(159,137)	(159,137)	(137,989)
Loss on sale of fixed assets	851	(82,769)	(29,148)	(4,120)	(4,120)	(3,606)
Audit fees	(235,943)	(257,927)	(120,000)	(76,928)	(76,928)	(59,284)
Director's fees	(101,250)	(98,402)	(72,850)	(79,725)	(79,725)	(85,857)
Other operating expenses	(1,465,874)	(1,310,695)	(1,966,375)	(2,270,308)	(3,974,490)	(3,205,987)
Total expenses	**(10,634,949)**	**(5,883,425)**	**(5,833,320)**	**(8,355,295)**	**(9,919,575)**	**(8,030,994)**
Profit before income tax	**(2,640,101)**	**1,215,622**	**2,437,453**	**313,544**	**188,282**	**(55,756)**
Income tax expense	789,569	(367,868)	(774,798)	(162,578)	(250,084)	(116,393)
Profit for the period attributable to equity holders	**(1,850,532)**	**847,754**	**1,662,655**	**150,966**	**(61,802)**	**(172,149)**

STATEMENTS OF CHANGES IN EQUITY	NZIFRS Audited Year Ended 31/3/2010 $	NZIFRS Audited Year Ended 31/3/2009 $	NZIFRS Audited Year Ended 31/3/2008 $	NZIFRS Audited Year Ended 31/3/2007 $	NZ GAAP Audited Year Ended 31/3/2007 $	NZ GAAP Audited Year Ended 31/3/2006 $
Opening Share Capital	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000
New Share Capital	-	-	-	-	-	-
Dividends	-	-	-	-	-	-
Closing Share Capital	**14,000,000**	**14,000,000**	**14,000,000**	**14,000,000**	**14,000,000**	**14,000,000**
Opening Retained Earnings	2,931,128	2,083,374	420,719	269,753	3,739,795	3,911,944
Profit for the period	(1,850,532)	847,754	1,662,655	150,966	(61,802)	(172,149)
Closing Retained Earnings	**1,080,596**	**2,931,128**	**2,083,374**	**420,719**	**3,677,993**	**3,739,795**
Share Capital	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000
Retained Earnings	1,080,596	2,931,128	2,083,374	420,719	3,677,993	3,739,795
Total Equity	**15,080,596**	**16,931,128**	**16,083,374**	**14,420,719**	**17,677,993**	**17,739,795**

STATEMENTS OF FINANCIAL POSITION	NZIFRS Audited Year Ended 31/3/2010 $	NZIFRS Audited Year Ended 31/3/2009 $	NZIFRS Audited Year Ended 31/3/2008 $	NZIFRS Audited Year Ended 31/3/2007 $	NZ GAAP Audited Year Ended 31/3/2007 $	NZ GAAP Audited Year Ended 31/3/2006 $
ASSETS						
Cash and cash equivalents	1,245,160	3,444,713	(229,460)	294,205	294,205	3,441,591
Net Finance contract receivables	23,427,794	25,978,470	31,623,308	33,230,888	38,674,791	35,342,656
Loans to related parties	-	16,935	675	90,000	90,000	-
Deferred Acquisition Costs	723,321	875,486	1,256,676	1,236,463	1,236,463	1,210,150
Government Stock	510,000	510,000	510,000	510,000	510,000	510,000
Other assets	507,551	250,971	159,864	207,922	207,922	83,406
Plant and equipment	303,160	254,691	364,745	511,125	511,125	497,188
Intangible assets	7,416,751	7,416,751	7,416,751	7,416,751	7,026,751	7,416,751
Investment in Subsidiaries	-	-	-	-	-	-
Deferred tax assets	3,639,016	2,536,045	2,146,125	2,687,185	890,764	771,451
Total assets	**37,772,753**	**41,284,062**	**43,248,684**	**46,184,539**	**49,442,021**	**49,273,193**
Liabilities						
Bank overdraft	-	-	-	-	-	-
Payables	694,658	541,765	528,057	909,171	909,379	611,323
Current tax liabilities	559,226	1,354,472	714,196	463,877	463,877	91,279
Provision for Insurance Claims	169,000	128,000	100,000	10,000	10,000	28,676
Insurance premiums in advance	1,031,014	1,925,740	3,149,190	3,201,310	3,201,310	2,778,955
Interest bearing liabilities	15,038,259	15,161,528	17,422,979	22,091,050	22,091,050	22,799,302
Loans from related parties	5,200,000	5,241,429	5,250,888	5,088,412	5,088,412	5,223,863
Total liabilities	**22,692,157**	**24,352,934**	**27,165,310**	**31,763,820**	**31,764,028**	**31,533,398**
NET ASSETS	**15,080,596**	**16,931,128**	**16,083,374**	**14,420,719**	**17,677,993**	**17,739,795**
EQUITY						
Issued capital	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000
Retained earnings	1,080,596	2,931,128	2,083,374	420,719	3,677,993	3,739,795
TOTAL EQUITY	**15,080,596**	**16,931,128**	**16,083,374**	**14,420,719**	**17,677,993**	**17,739,795**

STATEMENTS OF CASH FLOW	NZIFRS Audited Year Ended 31/3/2010 $	NZIFRS Audited Year Ended 31/3/2009 $	NZIFRS Audited Year Ended 31/3/2008 $	NZIFRS Audited Year Ended 31/3/2007 $	NZ GAAP Audited Year Ended 31/3/2007 $	NZ GAAP Audited Year Ended 31/3/2006 $
Net cash (outflow)/inflow from operating activities	**(1,863,771)**	**6,099,693**	**3,554,728**	**(1,674,647)**	**(2,428,469)**	**2,539,105**
Net Cash (outflow)/inflow generated by investing activities	**(147,019)**	**(110,350)**	**(23,965)**	**(177,195)**	**(4,335,264)**	**(6,172,017)**
Net cash (outflow)/inflow from financing activities	**(188,763)**	**(2,315,170)**	**(4,054,428)**	**(1,295,544)**	**(1,240,591)**	**6,426,962**
Net increase/(decrease) in cash and cash equivalents	**(2,199,553)**	**3,674,173**	**(523,665)**	**(3,147,386)**	**(3,147,386)**	**2,794,050**
Cash and cash equivalents at beginning of period	3,444,713	(229,460)	294,205	3,441,591	3,441,591	647,541
Cash and cash equivalents at end of period	**1,245,160**	**3,444,713**	**(229,460)**	**294,205**	**294,205**	**3,441,591**

These summary financial statements have been extracted from the relevant audited financial statements. The summary financial statements are in New Zealand dollars. The summary financial statements are compliant with FRS 43.

The summary financial statements have been authorised for issue in accordance with a resolution of the Directors on 3 September 2010. The Directors (at the relevant times) have previously authorised the issue for the financial statements as follows:

Year ended	**Date authorised by Directors**
2010	20 August 2010
2009	29 June 2009
2008	26 September 2008
2007	4 September 2007
2006	25 August 2006

The full financial statements from which these summary financial statements were extracted have been prepared in accordance with NZ GAAP and comply with New Zealand equivalents to International Financial Reporting Standards, and other applicable Financial Reporting Standards, as appropriate for profit-orientated entities for the years ended 31 March 2010, 2009, 2008 and 2007. Periods prior to 31 March 2007 were prepared under the applicable NZ GAAP at the time.

For the 2010, 2009, and 2008 full financial statements, an Unqualified Audit Report was issued - with Emphasis of Matter paragraphs in regards to:

- Impairment of Goodwill
- Finance Receivable Impairment Allowance

For the 2007 and 2006 full financial statements, an Unqualified Audit Report was issued. Refer to page 60 of this Prospectus for a copy of the 2010 Audit Report.

Refer to the Companies Office website (companies.co.nz) for a copy of the 2009, 2008, 2007, and 2006 Audit Reports, or a copy can be requested by calling the Company directly on 0800 276 235.

The summary financial statements cannot be expected to provide as complete an understanding as provided in the full financial statements. In forming their unqualified opinion on the 31 March 2010 financial statements, the auditors have emphasised matters relating to the impairment of goodwill and the finance receivables impairment allowance. Details of the circumstances relating to these emphasised matters are described on pages 61 to 62.

STATEMENTS OF COMPREHENSIVE INCOME
for the year ended 31 March 2010

		GROUP		COMPANY	
	Notes	**for the year to 31 March 2010**	**for the year to 31 March 2009**	**for the year to 31 March 2010**	**for the year to 31 March 2009**
		$	**$**	**$**	**$**
Interest and similar income		7,418,281	7,748,750	7,418,183	7,748,238
Interest expense and related charges		(2,367,789)	(2,351,793)	(2,372,577)	(2,430,426)
Net interest income	**7**	**5,050,492**	**5,396,957**	**5,045,606**	**5,317,812**
Fee and commission income		1,155,402	977,226	1,156,032	977,226
Fee and commission expense		(75,654)	(58,153)	(75,654)	(58,153)
Net fee and commission income	**8**	**1,079,748**	**919,073**	**1,080,378**	**919,073**
Insurance income		2,537,764	2,636,254	-	-
Insurance expense and related charges		(999,868)	(1,026,731)	-	-
Net insurance income	**9**	**1,537,896**	**1,609,523**	**-**	**-**
Other income		326,712	9,065	269,194	68,889
Other operating income		**326,712**	**9,065**	**269,194**	**68,889**
Total operating income		**7,994,848**	**7,934,618**	**6,395,178**	**6,305,774**
Employee benefits expense		(2,047,196)	(2,178,842)	(1,578,662)	(1,718,269)
Net impairment loss on financial assets	**13**	(6,353,757)	(2,287,563)	(6,353,757)	(2,287,563)
Operating lease expenses	**18**	(332,378)	(365,163)	(263,449)	(286,887)
Depreciation	**17**	(99,402)	(137,635)	(86,765)	(133,090)
Gain/(loss) on sale of fixed assets		851	(82,769)	87	(81,434)
Audit fees	**10**	(235,943)	(257,927)	(149,883)	(194,134)
Director's fees	**26**	(101,250)	(98,402)	(101,250)	(98,402)
Other operating expenses	**10**	(1,465,874)	(1,310,695)	(950,796)	(966,372)
Total expenses		**(10,634,949)**	**(6,718,996)**	**(9,484,475)**	**(5,766,151)**
Profit/(Loss) before income tax		**(2,640,101)**	**1,215,622**	**(3,089,297)**	**539,623**
Income tax rebate/(expense)	**11**	789,569	(367,868)	925,092	(164,762)
Profit/(Loss) for the period attributable to equity holders		**(1,850,532)**	**847,754**	**(2,164,205)**	**374,861**
Other Comprehensive income for the period		-	-	-	-
Total Comprehensive income for the period attributable to equity holders		**(1,850,532)**	**847,754**	**(2,164,205)**	**374,861**

STATEMENTS OF CHANGES IN EQUITY
for the year ended 31 March 2010

	Share Capital (note 21)	Retained earnings	Total Equity
GROUP:	**$**	**$**	**$**
Balance at 1 April 2008	**14,000,000**	**2,083,374**	**16,083,374**
Profit/(Loss) for the year	-	847,754	847,754
Total Comprehensive Income for the year ended 31 March 2009	-	847,754	847,754
Balance at 31 March 2009	**14,000,000**	**2,931,128**	**16,931,128**
Balance at 1 April 2009	**14,000,000**	**2,931,128**	**16,931,128**
Profit/(Loss) for the year	-	(1,850,532)	(1,850,532)
Total Comprehensive Income for the year ended 31 March 2010	-	(1,850,532)	(1,850,532)
Balance at 31 March 2010	**14,000,000**	**1,080,596**	**15,080,596**
COMPANY:			
Balance at 1 April 2008	**14,000,000**	**934,361**	**14,934,361**
Profit/(Loss) for the year	-	374,861	374,861
Total Comprehensive Income for the year ended 31 March 2009	-	374,861	374,861
Balance at 31 March 2009	**14,000,000**	**1,309,222**	**15,309,222**
Balance at 1 April 2009	**14,000,000**	**1,309,222**	**15,309,222**
Profit/(Loss) for the year	-	(2,164,205)	(2,164,205)
Total Comprehensive Income for the year ended 31 March 2010	-	(2,164,205)	(2,164,205)
Balance at 31 March 2010	**14,000,000**	**(854,983)**	**13,145,017**

STATEMENTS OF FINANCIAL POSITION
As at 31 March 2010

	Notes	GROUP as at 31 March 2010	GROUP as at 31 March 2009	COMPANY as at 31 March 2010	COMPANY as at 31 March 2009
		$	$	$	$
ASSETS					
Cash and cash equivalents	**12**	1,245,160	3,444,713	1,238,410	3,433,569
Net Finance contract receivables	**13**	23,427,794	25,978,470	23,427,794	25,978,470
Loans to related parties	**26**	-	16,935	13,637	16,935
Deferred Acquisition Costs	**16**	723,321	875,486	-	-
Government Stock	**16**	510,000	510,000	-	-
Other assets	**14**	507,551	250,971	49,768	22,309
Plant and equipment	**17**	303,160	254,691	263,106	248,842
Goodwill	**15**	7,416,751	7,416,751	-	-
Investment in Subsidiaries	**20**	-	-	9,300,000	9,300,000
Deferred tax assets	**11**	3,639,016	2,536,045	3,584,784	2,494,134
Total assets		**37,772,753**	**41,284,062**	**37,877,499**	**41,494,259**
Liabilities					
Payables	**19**	694,658	541,765	561,107	472,209
Current tax liabilities		559,226	1,354,472	(1,580)	677,376
Provision for Insurance Claims	**3 & 16**	169,000	128,000	-	-
Insurance premiums in advance	**16**	1,031,014	1,925,740	-	-
Interest bearing liabilities	**23**	15,038,259	15,161,528	15,038,259	15,161,528
Loans from related parties	**23**	5,200,000	5,241,429	9,134,696	9,873,924
Total liabilities		**22,692,157**	**24,352,934**	**24,732,482**	**26,185,037**
NET ASSETS		**15,080,596**	**16,931,128**	**13,145,017**	**15,309,222**
EQUITY					
Share capital	**21**	14,000,000	14,000,000	14,000,000	14,000,000
Retained earnings	**21**	1,080,596	2,931,128	(854,983)	1,309,222
TOTAL EQUITY		**15,080,596**	**16,931,128**	**13,145,017**	**15,309,222**

For and on behalf of the Board of directors, dated 20 August 2010

(original signed by : A Radisich)

Director

(original signed by : N Smith)

Director

STATEMENTS OF CASH FLOW
for the year ended 31 March 2010

	Notes	GROUP		COMPANY	
		for the year to 31 March 2010	for the year to 31 March 2009	for the year to 31 March 2010	for the year to 31 March 2009
		$	$	$	$
Cash flow from operating activities					
Receipts from customers (Fee and Insurance Income)		2,868,572	1,345,215	1,397,765	210,395
Interest received		5,785,045	6,839,278	5,784,946	6,838,767
Payments to suppliers and employees		(4,871,107)	(4,845,015)	(3,030,795)	(3,358,083)
Interest paid		(2,367,789)	(2,351,793)	(2,372,577)	(2,430,426)
Tax paid		(1,108,648)	(100,212)	(844,513)	(100,020)
Net movement in financial receivables		(2,169,844)	5,212,220	(2,169,844)	5,212,220
Net cash (outflow)/inflow from operating activities	**22**	**(1,863,771)**	**6,099,693**	**(1,235,018)**	**6,372,853**
Cash flows from investing activities					
Sale of Plant & equipment		11,039	-	150	-
Purchase of Plant & equipment		(158,058)	(110,350)	(101,092)	(116,400)
Net Cash (outflow)/inflow generated by investing activities		**(147,019)**	**(110,350)**	**(100,942)**	**(116,400)**
Cash flows from financing activities					
Net movement in Debentures		(123,269)	(2,261,450)	(123,269)	(2,261,450)
Proceeds/(Payment) of loans from related parties		(65,494)	(53,720)	(735,930)	(331,288)
Net cash (outflow)/inflow from financing activities		**(188,763)**	**(2,315,170)**	**(859,199)**	**(2,592,738)**
Net increase/(decrease) in cash and cash equivalents		**(2,199,553)**	**3,674,173**	**(2,195,159)**	**3,663,715**
Cash and cash equivalents at beginning of period		3,444,713	(229,460)	3,433,569	(230,146)
Cash and cash equivalents at end of period	**12**	**1,245,160**	**3,444,713**	**1,238,410**	**3,433,569**

1. REPORTING ENTITY

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

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

These financial statements on pages 19 to 53 were approved by the Board of Directors on 18 August 2010. The Company has the power to amend and reissue financial statements.

STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

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

The financial statements are for the year ended 31 March 2010 and 31 March 2009.

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements incorporate the assets and liabilities of the charging subsidiaries of the Company as at 31 March 2010. The Company and its subsidiaries together are referred to in these financial statements as the Charging Group.

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

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

OPERATING SEGMENTS

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

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

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

Types of Services

(i) Broadlands Finance - Financial Services

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

(ii) Beneficial Insurance – Insurance products

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

(iii) Vehicle Funding – Wholesale funding and vehicle trading

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

INTEREST INCOME AND EXPENSE

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

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

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

DIVIDEND AND FEE INCOME

Dividend income is recognised in the profit or loss when the shareholder's right to receive payment is established.

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

INCOME FROM INSURANCE AND INDEMNITY CONTRACTS

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

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

INCOME TAX

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

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

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. An exception is made for certain temporary differences arising from the initial recognition of an asset or liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or loss or taxable profit or loss.

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

GOODS AND SERVICES TAX

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

Cash flows in the cash flow statement include GST.

LEASES

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

When assets are leased out to customers under a finance lease, the present value of the minimum lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the straight line method, which reflects a constant periodic rate of return.

IMPAIRMENT OF NON-FINANCIAL ASSETS

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

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

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

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

INVESTMENT IN SUBSIDIARIES

In the Company's separate financial statements, investment in subsidiaries is stated at cost less any impairment losses. On disposal of such investments, the difference between the net disposal proceeds and their carrying amounts is included in profit or loss.

CASH AND CASH EQUIVALENTS

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

FINANCIAL ASSETS

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

Loans and receivables

Loans and receivables are initially measured at fair value plus directly attributable transaction costs.

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

Government Stock

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

IMPAIRMENT OF FINANCIAL ASSETS

Loans and advances are regularly reviewed for impairment loss. Credit impairment allowance is raised for exposures that are known to be impaired. Exposures are impaired and impairment losses are recorded if, and only if, there is objective evidence of impairment as a result of one or more loss events that occurred after the initial recognition of the loan and prior to the reporting date, and that loss event, or events, has had an impact on the estimated future cash flows of the individual loan or the collective portfolio of loans that can be reliably estimated.

Impairment is assessed for assets that are individually significant, and then on a collective basis for those exposures not individually known to be impaired.

Exposures that are assessed collectively are placed in pools of similar assets with similar risk characteristics. The required allowance estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the collective pool. The historical loss experience is adjusted based on current observable data.

The estimated individual impairment losses are measured as the difference between the assets' carrying amount and the estimated future cash flows discounted to their present value at the original effective interest rate. As this discount unwinds during the period between recognition of impairment and recovery of the cash flow, it is recognised as interest income. The process of estimating the amount and timing of cash flows involves considerable management judgement. These judgements are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

The allowance for impairment loss (individual and collective is deducted from loans and advances in the statement of financial position and the movement in the allowance for the reporting period is reflected in the statement of comprehensive income.

When a loan is uncollectible, either partially or in full, it is written off against the related allowance for loan impairment.

Where impairment losses recognised in previous periods have subsequently decreased or no longer exist, such impairment losses are reversed in the statement of comprehensive income.

ASSET QUALITY DEFINITIONS

Other impaired assets

Means a financial asset that is individually determined to be impaired at reporting date in accordance with NZ IAS 39 paragraphs 58 to 62, but which is not a restructured asset or a financial asset acquired through enforcement of security.

Restructured assets

Assets on which original terms have been changed due to borrowers' difficulty in complying, and/or 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

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

Assets acquired through enforcement of security

Are those assets (mainly consumer goods) acquired through the enforcement of security which satisfy part or full repayment of the loan or receivable due.

PLANT AND EQUIPMENT

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

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

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

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

Depreciation

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

Motor Vehicles	26%
Furniture & Fittings	9.6% - 39.6%
Office Equipment	9% - 80.4%
Leasehold Improvements	11.0% - 21.6%
Leased Assets	40%

INTANGIBLE ASSETS

Goodwill is measured at cost less accumulated impairment losses.

INSURANCE

Acquisition Costs

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

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

Unearned Premium

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

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

Outstanding Claims Liability

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

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

FINANCIAL LIABILITIES

Trade and Other Payables

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

Interest Bearing Borrowings

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

EMPLOYEE BENEFITS

Wages and salaries, annual leave and sick leave

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

PROVISIONS

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

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

CHANGE IN ACCOUNTING POLICIES

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

NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS THAT ARE NOT YET EFFECTIVE

(a) The group and company has adopted the following new and amended NZ IFRSs as of 1 April 2009:

1. NZ IFRS 7 ‘Financial instruments – Disclosures’ (amendment) – effective 1 April 2009.

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

   In particular, the amendment requires disclosure of fair value measurements by level of the following hierarchy:

   - Quoted prices in active markets for identical assets or liabilities (Level 1);

   - Inputs other than quoted prices included with Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (Level 2);

- Inputs for the asset or liability that are not based on observable market data (Level 3).

As the change in accounting policy only results in additional disclosures, there is no impact on earnings or the financial position of the group and company.

2. NZ IAS 1 (revised). 'Presentation of financial statements' – effective 1 April 2009.

   The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non owner changes in equity' to be presented separately from owner changes in equity in a statement of comprehensive income.

   Entities can choose whether to present one performance statement (a Statement of Comprehensive Income) or two statements (an Income Statement and a Statement of Comprehensive Income). The Group and company has elected to present one Statement of Comprehensive Income.

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

   It requires a "management approach" under which segment information is presented on the same basis as that used for internal reporting purposes. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the Board of Directors. Comparatives for 2009 have been restated. Furthermore, the Group has early adopted the amendment to NZ IFRS 8 (effective 1 January 2010) that clarifies that entities only need to disclose information about segment assets if that information is regularly reviewed by the chief operating decision maker."

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

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

1. NZ IFRIC 17, 'Distribution of non-cash assets to owners' (effective on or after 1 July 2009).

   This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. NZ IFRS 5 has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable. The group and company will apply NZ IFRIC 17 from 1 January 2010. It is not expected to have a material impact on the group and company or company's financial statements.

2. NZ IAS 27 (revised), 'Consolidated and separate financial statements', (effective from 1 July 2009).

   The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is remeasured to fair value, and a gain or loss is recognised in profit or loss. The group and company will apply NZ IAS 27 (revised) prospectively to transactions with non-controlling interests from 1 January 2010.

3. NZ IFRS 3 (revised), 'Business combinations' (effective from 1 July 2009).

   The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The group and company will apply NZ IFRS 3 (revised) prospectively to all business combinations from 1 January 2010.

4. NZ IAS 1 (amendment), 'Presentation of financial statements'.

   The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time. The group and company will apply NZ IAS 1 (amendment) from 1January 2010. It is not expected to have a material impact on the group and company's financial statements.

5. NZ IFRS 9 Financial Instruments (effective for periods beginning on or after 1 January 2013).

   The standard replaces part of NZ IAS 39 and establishes two primary measurement categories for financial assets: amortised cost and fair value, with classification depending on an entity's business model and the contractual cash flow characteristics of the financial asset. The group and company is currently in the process of evaluating the potential effect of this standard.

3. PROVISION FOR INSURANCE CLAIMS

	GROUP		**COMPANY**	
	for the year to 31 March 2010	**for the year to 31 March 2009**	**for the year to 31 March 2010**	**for the year to 31 March 2009**
	$	**$**	**$**	**$**
Brought forward balances	128,000	100,000	-	-
Additional claims provision	41,000	28,000	-	-
As at period end	**169,000**	**128,000**	**-**	**-**

The provision for insurance claims was calculated on 23 May 2010 by Peter Davies, an actuary who is a fully accredited member of the New Zealand Society of Actuaries. His report was unqualified. The provisions for insurance claims have been derived based on the following assumptions:

- For the pet insurance business, claim handling costs is estimated to be 15% (2009: 15%) of premiums written. A loss ratio of 53% (2009: 60%) is used based on the pet insurance products available in New Zealand (The actual loss ratio for the period is 46% - March 2009: 54%). A 10% (2009: 25%) risk margin is maintained so as to achieve a 75% likelihood of sufficiency.

- For the CCI and GFP insurance business, claim handling costs is estimated to 15% (2009: 10%) of premiums written. A loss ratio is estimated to be 10.71% (2009: 13%) based on historical financial performance of products. (The actual loss ratio for the period is 8% - March 2009: 8%). A 50% risk margin is maintained so as to achieve a 75% likelihood of sufficiency.

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

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

4. FINANCIAL RISK MANAGEMENT

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

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

Risk Management Programme

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

(a) Interest Rate Risk

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

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

(i) Interest rate risk management process

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

(ii) Concentrations of interest rate exposure and maturities

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

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

Interest Rate Gap

31/03/2010 – The Charging Group	Weighted average effective int. rate	Installments overdue/ On Call	0 to 6 months	7 to 12 months	13 to 24 months	25 to 60 months	Over 60 months	Total
		$	$	$	$	$	$	$
Financial assets								
Cash and cash equivalents	**3.29%**	1,245,160	-	-	-	-	-	**1,245,160**
Receivables:								
-Net Finance receivables (per note 13)	**21.51%**	9,766,691	3,268,801	1,574,513	5,266,233	2,784,285	767,271	**23,427,794**
Government Stock	**6.00%**	-	-	-	510,000	-	-	**510,000**
		11,011,851	**3,268,801**	**1,574,513**	**5,776,233**	**2,784,285**	**767,271**	**25,182,954**
Financial liabilities								
Interest bearing liabilities								
-Bank Overdraft	**0.00%**	-	-	-	-	-	-	**-**
-Debentures (On Call)	**2.50%**	94,788	-	-	-	-	-	**94,788**
-Debentures (Fixed Term)	**8.34%**	-	7,434,748	3,252,744	2,351,278	1,904,701	-	**14,943,471**
Loans from related parties	**15.00%**	-	-	-	1,050,000	2,100,000	2,050,000	**5,200,000**
		94,788	**7,434,748**	**3,252,744**	**3,401,278**	**4,004,701**	**2,050,000**	**20,238,259**
Effective interest rate re-pricing gap		**10,917,063**	**(4,165,947)**	**(1,678,231)**	**2,374,955**	**(1,220,416)**	**(1,282,729)**	**4,944,695**

31/03/2009 – The Charging Group

	Weighted average effective int. rate	On Call	0 to 6 months	7 to 12 months	13 to 24 months	25 to 60 months	Over 60 months	Total
		$	$	$	$	$	$	$
Financial assets								
Cash and cash equivalents	3.43%	3,444,713	-	-	-	-	-	**3,444,713**
Receivables:								
-Net Finance receivables (per note 13)	24.84%	10,020,204	5,725,031	4,013,087	3,664,185	1,888,083	667,880	**25,978,470**
Government Stock	6.00%	-	-	-	510,000	-	-	**510,000**
		13,464,917	**5,725,031**	**4,013,087**	**4,174,185**	**1,888,083**	**667,880**	**29,933,183**
Financial liabilities								
Interest bearing liabilities								
-Bank Overdraft	8.75%	-	-	-	-	-	-	**-**
-Debentures (On Call)	2.50%	154,613	-	-	-	-	-	**154,613**
-Debentures (Fixed Term)	9.57%	-	2,619,114	5,458,957	6,271,669	657,176	-	**15,006,916**
Loans from related parties	14.94%	241,429	-	-	5,000,000	-	-	**5,241,429**
		396,042	**2,619,114**	**5,458,957**	**11,271,669**	**657,176**	**-**	**20,402,958**
Effective interest rate re-pricing gap		**13,068,875**	**3,105,917**	**(1,445,870)**	**(7,097,484)**	**1,230,907**	**667,880**	**9,530,225**

31/03/2010 – The Company

	Weighted average effective int. rate	Installments overdue/ On Call	0 to 6 months	7 to 12 months	13 to 24 months	25 to 60 months	Over 60 months	Total
			$	$	$	$	$	$
Financial assets								
Cash and cash equivalents	3.31%	1,238,410	-	-	-	-	-	**1,238,410**
Receivables:								
-Net Finance receivables (per note 13)	21.51%	9,766,691	3,268,801	1,574,513	5,266,233	2,784,285	767,271	**23,427,794**
		11,005,101	**3,268,801**	**1,574,513**	**5,266,233**	**2,784,285**	**767,271**	**24,666,204**
Financial liabilities								
Interest bearing liabilities								
-Bank Overdraft	0.00%	-	-	-	-	-	-	**-**
-Debentures (On Call)	2.50%	94,788	-	-	-	-	-	**94,788**
-Debentures (Fixed Term)	8.34%	-	7,434,748	3,252,744	2,351,278	1,904,701	-	**14,943,471**
Loans from related parties	15.00%	-	-	-	1,050,000	2,100,000	2,050,000	**5,200,000**
		94,788	**7,434,748**	**3,252,744**	**3,401,278**	**4,004,701**	**2,050,000**	**20,238,259**
Effective interest rate re-pricing gap		**10,910,313**	**(4,165,947)**	**(1,678,231)**	**1,864,955**	**(1,220,416)**	**(1,282,729)**	**4,427,945**

31/03/2009 – The Company

	Weighted average effective int. rate	Installments overdue/ On Call	0 to 6 months	7 to 12 months	13 to 24 months	25 to 60 months	Over 60 months	Total
			$	$	$	$	$	$
Financial assets								
Cash and cash equivalents	3.44%	3,433,569	-	-	-	-	-	**3,433,569**
Receivables:								
-Net Finance receivables (per note 13)	24.84%	10,020,204	5,725,031	4,013,087	3,664,185	1,888,083	667,880	**25,978,470**
		13,453,773	**5,725,031**	**4,013,087**	**3,664,185**	**1,888,083**	**667,880**	**29,412,039**
Financial liabilities								
Interest bearing liabilities								
-Bank Overdraft	8.75%	-	-	-	-	-	-	-
-Debentures (On Call)	2.50%	154,613	-	-	-	-	-	**154,613**
-Debentures (Fixed Term)	9.57%	-	2,619,114	5,458,957	6,271,669	657,176	-	**15,006,916**
Loans from related parties	7.64%	4,873,924	-	-	5,000,000	-	-	**9,873,924**
		5,028,537	**2,619,114**	**5,458,957**	**11,271,669**	**657,176**	**-**	**25,035,453**
Effective interest rate re-pricing gap		**8,425,236**	**3,105,917**	**(1,445,870)**	**(7,607,484)**	**1,230,907**	**667,880**	**4,376,586**

(iii) Interest rate sensitivity analysis

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

(b) Liquidity Risk

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

(i) Liquidity risk management process

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

- The management team reviews cash flow forecast information in order to ensure contractual cash outflows can be met from current resources, facilities and expected cash inflows. This is done on a daily basis. These forecasts are reviewed and approved by the Board who has put in place loan and other facilities to address any potential liquidity gap. Refer to the contractual and expected cash flows in note 4 (c) (iii).
- The Charging Group and Company has the following funding from a related party Timberton Investments Limited (Timberton), a company wholly owned by Anthony Radisich the sole shareholder of Broadlands Finance Limited; a $5,200,000 loan and $2,318,000 in debentures. The loan is unsecured and the debentures rank equally in regard to maturity with other debenture holders. In order to manage liquidity the $5,200,000 loan has been split into 4 loans with staggered maturity dates. Refer to note 26 for details. The Directors do not guarantee the Debenture Stock.
- The Charging Group also relies on financial support from shareholder Anthony Radisich for the foreseeable 12 months from the date of issue of these financial statements.
- The intercompany loan between the Company and its subsidiary, Beneficial Insurance Limited, has been subordinated.

(ii) Concentrations of liquidity exposure

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

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

	CHARGING GROUP		COMPANY	
	for the year to 31 March 2010	**for the year to 31 March 2009**	**for the year to 31 March 2010**	**for the year to 31 March 2009**
Auckland	55%	54%	55%	54%
Waikato/Bay of Plenty	14%	19%	14%	19%
Rest of New Zealand and International	31%	27%	31%	27%
	100%	**100%**	**100%**	**100%**

NEW ZEALAND DEPOSIT GUARANTEE SCHEME

Broadlands has a guarantee (the "Guarantee") under the New Zealand deposit guarantee scheme. In broad terms, this means that the Crown guarantees the payment of principal and interest on the Debenture Stock (up to $1 million for each eligible investor) if Broadlands is not, for any reason, able to pay those amounts.

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

(c) Credit Risk

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

(i) Credit risk management process

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

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

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

(ii) Concentrations of credit exposure

The Charging Group and Company has provided funding to customers of certain retail outlets. As at 31 March 2010, the total funding provided by the Charging Group to customers of such retail outlets was $7,038,240 (March 2009: $3,852,022). These funds were subject to recourse to the retailer in the event of non payment by the customers. Of the total finance contract receivables 75% in dollar value are for motor vehicle / personal loans, 4% are for property loans, 12% are for commercial loans and 9% relate to wholesale loans.

The six largest loans comprise 12.78% of the Gross Finance Receivables (March 2009: 4.24%).

Counterparty concentrations of receivables

The Charging Group and Company had no exposure to counterparties (except for the bank) which exceeded 10% of shareholder's equity. However, there are recourse agreements with retailers which represents $7,038,240 of the gross loans outstanding (March 2009: $3,852,022). The recourse arrangements are secured by personal guarantees and other assets which have been assigned to the Charging Group during period to 31 March 2010.

Economic and industry concentrations of receivables

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

	CHARGING GROUP		**COMPANY**	
	31 March 2010	**31 March 2009**	**31 March 2010**	**31 March 2009**
% of Book				
Motor Vehicles/Personal	75%	99%	75%	99%
Property	4%	1%	4%	1%
Commercial/Wholesale	21%	-	21%	-
	100%	100%	100%	100%
No of Loans	3742	6551	3742	6551
Average Loan Value	$9,448	$6,023	$9,448	$6,023

Geographic concentrations of receivables

The table below details the geographic split of receivables:

	CHARGING GROUP		**COMPANY**	
	31 March 2010	**31 March 2009**	**31 March 2010**	**31 March 2009**
Auckland	65%	53%	65%	53%
Waikato/Bay of Plenty	20%	28%	20%	28%
Rest of New Zealand	15%	19%	15%	19%
	100%	**100%**	**100%**	**100%**

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

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

31/03/2010 – The Charging Group	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
	Installments Overdue/ On Call	**0 to 6 months**	**7 to 12 months**	**13 to 24 months**	**25 to 60 months**	**Over 60 months**	**Total**	**Carrying Amount**
Financial Assets								
Cash and cash equivalents	1,245,160	-	-	-	-	-	**1,245,160**	**1,245,160**
Receivables:								
-Finance receivables	16,154,799	5,406,829	2,604,356	8,710,722	2,836,991	1,269,120	**36,982,817**	**23,427,794**
-Related party receivables	-	-	-	-	-	-	**-**	**-**
Government Stock	-	15,300	15,300	540,600	-	-	**571,200**	**510,000**
Other financial assets	-	507,551	-	-	-	-	**507,551**	**507,551**
	17,399,959	**5,929,680**	**2,619,656**	**9,251,322**	**2,836,991**	**1,269,120**	**39,306,728**	**25,690,505**
Financial Liabilities								
Interest bearing liabilities:								
- Bank Overdraft	-	-	-	-	-	-	**-**	**-**
- Debentures	94,788	7,982,522	3,492,398	2,524,514	2,045,035	-	**16,139,257**	**15,038,259**
Payables	-	694,658	-	-	-	-	**694,658**	**694,658**
Loans from related parties	-	390,000	390,000	1,672,500	3,022,500	2,050,000	**7,525,000**	**5,200,000**
	94,788	**9,067,180**	**3,882,398**	**4,197,014**	**5,067,535**	**2,050,000**	**24,358,915**	**20,932,917**
Net Contractual Cash Flow Gap	**17,305,171**	**(3,137,500)**	**(1,262,742)**	**5,054,308**	**(2,230,544)**	**(780,880)**	**14,947,813**	**4,757,588**

31/03/2009 – The Charging Group	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
	Installments Overdue/ On Call	**0 to 6 months**	**7 to 12 months**	**13 to 24 months**	**25 to 60 months**	**Over 60 months**	**Total**	**Carrying Amount**
Financial Assets								
Cash and cash equivalents	3,444,713	-	-	-	-	-	**3,444,713**	**3,444,713**
Receivables:								
-Finance receivables	13,225,097	7,782,283	5,455,163	4,980,887	2,566,553	907,879	**34,917,862**	**25,978,470**
-Related party receivables	-	16,935	-	-	-	-	**16,935**	**16,935**
Government Stock	-	15,300	15,300	30,600	540,600	-	**601,800**	**510,000**
Other financial assets	-	250,971	-	-	-	-	**250,971**	**250,971**
	16,669,810	**8,065,489**	**5,470,463**	**5,011,487**	**3,107,153**	**907,879**	**39,232,281**	**30,201,089**
Financial Liabilities								
Interest bearing liabilities:								
- Debentures	154,613	3,298,465	6,874,913	7,898,428	827,636	-	**19,054,055**	**15,161,528**
Payables	-	541,765	-	-	-	-	**541,765**	**541,765**
Loans from related parties	241,429	393,107	5,000,000	-	-	-	**5,634,536**	**5,241,429**
	396,042	**4,233,337**	**11,874,913**	**7,898,428**	**827,636**	**-**	**25,230,356**	**20,944,722**
Net Contractual Cash Flow Gap	**16,273,768**	**3,832,152**	**(6,404,450)**	**(2,886,941)**	**2,279,517**	**907,879**	**14,001,925**	**9,256,367**

31/03/2010 – The Company	$ Installments Overdue/ On Call	$ 0 to 6 months	$ 7 to 12 months	$ 13 to 24 months	$ 25 to 60 months	$ Over 60 months	$ Total	$ Carrying Amount
Financial Assets								
Cash and cash equivalents	1,238,410	-	-	-	-	-	**1,238,410**	**1,238,410**
Receivables:								
-Finance receivables	16,154,799	5,406,829	2,604,356	8,710,722	2,836,991	1,269,120	**36,982,817**	**23,427,794**
-Related party receivables	-	13,637	-	-	-	-	**13,637**	**13,637**
Other financial assets	-	49,768	-	-	-	-	**49,768**	**49,768**
	17,393,209	**5,470,234**	**2,604,356**	**8,710,722**	**2,836,991**	**1,269,120**	**38,284,632**	**24,729,609**
Financial Liabilities								
Interest bearing liabilities:								
- Debentures	94,788	7,982,522	3,492,398	2,524,514	2,045,035	-	**16,139,257**	**15,038,259**
Payables	-	561,106	-	-	-	-	**561,106**	**561,106**
Loans from related parties	3,934,696	390,000	390,000	1,672,500	3,022,500	2,050,000	**11,459,696**	**9,134,696**
	4,029,484	**8,933,628**	**3,882,398**	**4,197,014**	**5,067,535**	**2,050,000**	**28,160,059**	**24,734,061**
Net Contractual Cash Flow Gap	**13,363,725**	**(3,463,394)**	**(1,278,042)**	**4,513,708**	**(2,230,544)**	**(780,880)**	**10,124,573**	**(4,452)**

31/03/2009 – The Company	$ Installments Overdue/ On Call	$ 0 to 6 months	$ 7 to 12 months	$ 13 to 24 months	$ 25 to 60 months	$ Over 60 months	$ Total	$ Carrying Amount
Financial Assets								
Cash and cash equivalents	3,433,569	-	-	-	-	-	**3,433,569**	**3,433,569**
Receivables:								
-Finance receivables	13,225,097	7,782,283	5,455,163	4,980,887	2,566,553	907,879	**34,917,862**	**25,978,470**
-Related party receivables	-	16,935	-	-	-	-	**16,935**	**16,935**
Other financial assets	-	22,309	-	-	-	-	**22,309**	**22,309**
	16,658,666	**7,821,526**	**5,455,163**	**4,980,887**	**2,566,553**	**907,879**	**38,390,674**	**29,451,283**
Financial Liabilities								
Interest bearing liabilities:								
- Debentures	154,613	3,298,465	6,874,913	7,898,428	827,636	-	**19,054,055**	**15,161,528**
Payables	-	472,209	-	-	-	-	**472,209**	**472,209**
Loans from related parties	4,873,924	388,376	5,000,000	-	-	-	**10,262,300**	**9,873,924**
	5,028,537	**4,159,050**	**11,874,913**	**7,898,428**	**827,636**	**-**	**29,788,564**	**25,507,661**
Net Contractual Cash Flow Gap	**11,630,129**	**3,662,476**	**(6,419,750)**	**(2,917,541)**	**1,738,917**	**907,879**	**8,602,110**	**3,943,622**

Expected Cash Flows before collateral held or other credit enhancements

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

31/03/2010 – The Charging Group	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
	On Call	**0 to 6 months**	**7 to 12 months**	**13 to 24 months**	**25 to 60 months**	**Over 60 months**	**Total**	**Carrying Amount**
Financial Assets								
Cash and cash equivalents	1,245,160	-	-	-	-	-	**1,245,160**	**1,245,160**
Receivables:							**-**	
-Finance receivables	-	8,378,940	6,418,257	12,719,644	19,775,178	5,092,528	**52,384,547**	**23,427,794**
-Related party receivables	-	-	-	-	-	-	**-**	**-**
Government Stock	-	15,300	15,300	30,600	91,800	540,600	**693,600**	**510,000**
Other financial assets	-	507,551	-	-	-	-	**507,551**	**507,551**
	1,245,160	**8,901,791**	**6,433,557**	**12,750,244**	**19,866,978**	**5,633,128**	**54,830,858**	**25,690,505**
Financial Liabilities								
Interest bearing liabilities:								
- Debentures	94,788	7,982,522	3,492,398	2,524,514	2,045,035	-	**16,139,257**	**15,038,259**
Payables	-	694,658	-	-	-	-	**694,658**	**694,658**
Loans from related parties	-	390,000	390,000	780,000	2,340,000	5,200,000	**9,100,000**	**5,200,000**
	94,788	**9,067,180**	**3,882,398**	**3,304,514**	**4,385,035**	**5,200,000**	**25,933,915**	**20,932,917**
Net Expected Cash Flow Gap	**1,150,372**	**(165,389)**	**2,551,159**	**9,445,730**	**15,481,943**	**433,128**	**28,896,943**	**4,757,588**

31/03/2009 – The Charging Group	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
	On Call	**0 to 6 months**	**7 to 12 months**	**13 to 24 months**	**25 to 60 months**	**Over 60 months**	**Total**	**Carrying Amount**
Financial Assets								
Cash and cash equivalents	3,444,713	-	-	-	-	-	**3,444,713**	**3,444,713**
Receivables:								
-Finance receivables	-	6,482,711	5,330,073	7,648,200	9,882,567	4,943,954	**34,287,505**	**25,978,470**
- Related party receivables	-	-	-	-	-	-	**-**	**-**
Government Stock	-	15,300	15,300	30,600	91,800	540,600	**693,600**	**510,000**
Other financial assets	-	250,971	-	-	-	-	**250,971**	**250,971**
	3,444,713	**6,748,982**	**5,345,373**	**7,678,800**	**9,974,367**	**5,484,554**	**38,676,789**	**30,184,154**
Financial Liabilities								
Interest bearing liabilities:								
- Debentures	154,613	3,298,465	6,874,913	7,898,428	827,636	-	**19,054,055**	**15,161,528**
Payables	-	541,765	-	-	-	-	**541,765**	**541,765**
Loans from related parties	241,429	402,000	402,000	804,000	2,412,000	5,000,000	**9,261,429**	**5,241,429**
	396,042	**4,242,230**	**7,276,913**	**8,702,428**	**3,239,636**	**5,000,000**	**28,857,249**	**20,944,722**
Net Expected Cash Flow Gap	**3,048,671**	**2,506,752**	**(1,931,540)**	**(1,023,628)**	**6,734,731**	**484,554**	**9,819,540**	**9,239,432**

31/03/2010 – The Company	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
	On Call	**0 to 6 months**	**7 to 12 months**	**13 to 24 months**	**25 to 60 months**	**Over 60 months**	**Total**	**Carrying Amount**
Financial Assets								
Cash and cash equivalents	1,238,410	-	-	-	-	-	**1,238,410**	**1,238,410**
Receivables:								
-Finance receivables	-	8,378,940	6,418,257	12,719,644	19,775,178	5,092,528	**52,384,547**	**23,427,794**
-Related party receivables	-	13,637	-	-	-	-	**13,637**	**13,637**
Other financial assets	-	49,768	-	-	-	-	**49,768**	**49,768**
	1,238,410	**8,442,345**	**6,418,257**	**12,719,644**	**19,775,178**	**5,092,528**	**53,686,362**	**24,729,609**
Financial Liabilities								
Interest bearing liabilities:								
- Debentures	94,788	7,982,522	3,492,398	2,524,514	2,045,035	-	**16,139,257**	**15,038,259**
Payables	-	561,107	-	-	-	-	**561,107**	**561,107**
Loans from related parties	-	390,000	390,000	780,000	2,340,000	5,200,000	**9,100,000**	**5,200,000**
	94,788	**8,933,629**	**3,882,398**	**3,304,514**	**4,385,035**	**5,200,000**	**25,800,364**	**20,799,366**
Net Expected Cash Flow	**1,143,622**	**(491,284)**	**2,535,859**	**9,415,130**	**15,390,143**	**(107,472)**	**27,885,998**	**3,930,243**

Gap

31/03/2009 – The Company	$ On Call	$ 0 to 6 months	$ 7 to 12 months	$ 13 to 24 months	$ 25 to 60 months	$ Over 60 months	$ Total	$ Carrying Amount
Financial Assets								
Cash and cash equivalents	3,433,569	-	-	-	-	-	**3,433,569**	**3,433,569**
Receivables:								
-Finance receivables	-	6,482,711	5,330,073	7,648,200	9,882,567	4,943,954	**34,287,505**	**25,978,470**
-Related party receivables	-	-	-	-	-	-	**-**	**-**
Other financial assets	-	22,308	-	-	-	-	**22,308**	**22,308**
	3,433,569	**6,505,019**	**5,330,073**	**7,648,200**	**9,882,567**	**4,943,954**	**37,743,382**	**29,434,347**
Financial Liabilities								
Interest bearing liabilities:								
- Debentures	154,613	3,298,465	6,874,913	7,898,428	827,636	-	**19,054,055**	**15,161,528**
Payables	-	472,209	-	-	-	-	**472,209**	**472,209**
Loans from related parties	178,352	402,000	402,000	804,000	2,412,000	5,000,000	**9,198,352**	**5,178,352**
	332,965	**4,172,674**	**7,276,913**	**8,702,428**	**3,239,636**	**5,000,000**	**28,724,616**	**20,812,089**
Net Expected Cash Flow Gap	**3,100,604**	**2,332,345**	**(1,946,840)**	**(1,054,228)**	**6,642,931**	**(56,046)**	**9,018,766**	**8,622,258**

(iv) Receivables renegotiated

The carrying amount of receivables that would otherwise be past due or impaired whose terms have been renegotiated at 31 March 2010 was $1,467,680 (31 March 2009: $1,367,666)

(v) Impaired receivables

For details of impaired receivables refer to note 13.

(d) Fair Value estimation

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

(e) Capital management

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

	CHARGING GROUP	
Capital*	**31 March 2010 $**	**31 March 2009 $**
Tier one capital		
Share capital	14,000,000	14,000,000
Retained earnings	1,080,596	2,931,128
Total tier one capital	**15,080,596**	**16,931,128**
Tier two		
Unsecured Related Party Loan Debt **	5,200,000	5,000,000
Total tier two	**5,200,000**	**5,000,000**
Total capital and subordinated** unsecured debt	**20,280,596**	**21,931,128**
Capital Adequacy Ratios		
Tier one capital expressed as percentage of Total Assets	40%	41%
Total capital and subordinated unsecured debt expressed as percentage of Total Assets	54%	53%

* The information in this table is not prepared in compliance with the Deposit Takers (Credit Ratings, Capital Ratios and Related Party Exposures) Regulations 2010

** The unsecured related party loan debt is subordinated only in that it ranks behind debentures in priority of recovery because it is unsecured. It ranks pari passu with other unsecured, unsubordinated indebtedness.

(i) Trust Deed Covenants and Compliance

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

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

	GROUP	
	31 March 2010 **$**	**31 March 2009** **$**
Total Liabilities Ratio - (Clause 5.1(a))		
Total Tangible Assets (TTA)	26,716,986	31,331,266
Total Liabilities	22,692,157	24,352,934
Excess of TTA over Liabilities	**4,024,829**	**6,978,332**
Liabilities as percentage of TTA	85%	78%
Not to exceed 89%		
Stock and Prior Charges Ratio - (Clause 5.1 (b))		
Principal Amount of Stock	15,038,259	15,161,528
Total Contingent Liabilities secured by Stock	Nil	Nil
Principal amount of Prior Charges	Nil	Nil
Total Debentures (1)	**15,038,259**	**15,161,528**
95% Total Readily Realisable Investments	1,182,902	3,272,477
90% Total Secured Receivables	21,085,014	23,380,623
85% of Total Unsecured Receivables	431,418	313,210
60% of Other Total Tangible Assets	921,889	923,761
Total Attributable Assets (2)	**23,621,223**	**27,890,071**
Excess of 2 over 1	**8,582,964**	**12,728,543**
Total Contingent Liabilities Ratio - (Clause 5.1(c))		
150% Shareholders' Funds (excluding intangible assets)	6,037,244	10,467,498
Total Contingent Liabilities	Nil	Nil
Excess of Shareholders' Funds over Total Contingent Liabilities	**6,037,244**	**10,467,498**
Prior Charges Limitation - (Clause 5.1(d))		
2% of Total Tangible Assets	534,340	626,625
Prior Charges	Nil	Nil
Excess of 2% of TTA over Prior Charges	**534,340**	**626,625**
Particulars of Related Party Transactions		
Business Loans from Related Parties:		
Timberton Limited	5,200,000	5,241,429
Business Loans to Related Parties:		
CBA Finance Limited	-	16,935
Debenture Stock Invested by Related Parties:		
Executive Trustees Ltd	-	615,713
Timberton Investments Ltd	2,318,000	1,678,307
	2,318,000	**2,294,020**

The company breached a non financial reporting covenant after the year end as it did not provide audited financial statements to its Trustee by 30 June 2010. At the time of signing the financial statements, the Trustee has not waived this breach.

5. CRITICAL ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

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

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

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

(1) The group has assessed goodwill arising from the acquisition of Beneficial Insurance for impairment. This assessment was performed using discounted forecast cash flows for that business. The key assumptions are listed in note 15.

(2) Impairment allowances for finance receivables have been made based on forecast discounted cash flows of the various receivable categories together with an assessment of cash flows from related collateral and other security. These forecasts and assessments are based on management's experience and judgement. Refer to note 13 for details of the impairment allowances.

(3) The Deferred Tax benefit of temporary differences have been recognised as they are expected to reverse in the foreseeable future and that taxable profits are expected to be available against which the temporary differences can reverse. Refer to note 11 for further details.

(4) Outstanding claims liabilities in respect of insurance policies written. Refer to note 16 for further details.

6. SEGMENT INFORMATION

For the year to 31 March 2010	Broadlands Finance Limited $	Beneficial Insurance Limited $	Vehicle Funding Limited $	Total $
Revenue				
Revenue from external customers	8,843,409	2,568,351	26,400	11,438,160
Inter-segment revenue	-	-	-	-
Total segment revenue	**8,843,409**	**2,568,351**	**26,400**	**11,438,160**
Segment net profit after tax	**(2,164,291)**	**310,664**	**2,244**	**(1,851,383)**
Interest revenue	7,418,183	99	-	7,418,281
Interest expense	(2,372,577)	4,788	-	(2,367,789)
Depreciation	(86,765)	(12,637)	-	(99,402)
Impairment charge for credit losses and write offs	(6,374,485)	-	-	(6,374,485)
Recovery of amounts previously written off	20,728	-	-	20,728
Income tax expense	925,092	(134,540)	(983)	789,569
Segment operating assets	**34,279,078**	**4,919,520**	**29,763**	**39,228,361**
Goodwill	9,300,000	-	-	9,300,000
Capital expenditure	101,092	56,966	-	158,058
Deferred tax assets	3,584,784	54,232	-	3,639,016
Government Stock	-	510,000	-	510,000
Deferred acquisition costs	-	723,321	-	723,321
Segment operating liabilities	**24,734,061**	**120,654**	**26,535**	**24,881,250**

For the year to 31 March 2009	Broadlands Finance Limited $	Beneficial Insurance Limited $	Vehicle Funding Limited $	Total $
Revenue				
Revenue from external customers	8,794,353	2,576,942	-	11,371,295
Inter-segment revenue	-	-	-	-
Total segment revenue	**8,794,353**	**2,576,942**	**-**	**11,371,295**
Segment net profit after tax	**468,443**	**462,080**	**-**	**930,523**
Interest revenue	7,748,239	511	-	7,748,750
Interest expense	(2,430,426)	78,633	-	(2,351,793)
Depreciation	(133,090)	(4,545)	-	(137,635)
Impairment charge for credit losses and write offs	(2,305,913)	-	-	(2,305,913)
Recovery of amounts previously written off	18,350	-	-	18,350
Income tax expense	(164,763)	(203,105)	-	(367,867)
Segment operating assets	**38,983,189**	**5,451,227**	**-**	**44,434,416**
Goodwill	9,300,000	-	-	9,300,000
Capital expenditure	116,500	-	-	116,500
Deferred tax assets	2,494,134	41,911	-	2,536,045

Government Stock	-	510,000	-	510,000
Deferred acquisition costs	-	875,486	-	875,486
Segment operating liabilities	**25,507,661**	**132,633**	**-**	**25,640,294**

	CHARGING GROUP	
	for the year to 31 March 2010	**for the year to 31 March 2009**
	$	**$**
(a) Segment revenue reconciliation to Statement of Comprehensive Income		
Total segment revenue	11,438,160	11,371,295
Total revenue per Statement of Comprehensive Income	**11,438,160**	**11,371,295**

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

The Board of Directors meet on a monthly basis to assess the performance of each segment by analyzing the segment's net profit after tax. A segment's net profit after tax excludes non operating income and expenses such as dividends received, fair value gains and losses, gains and losses on disposal of assets these are generating. Income tax expenses are calculated as 30% (2008: 30%) of the segment's net profit.

Reconciliation of segment net profit after tax to net profit/loss before tax:

Segment net profit after tax	(1,851,383)	930,523
Dividend revenue	-	-
Net gain on disposal of plant and equipment	851	(82,769)
Other	-	-
Net profit after tax from Statement of Comprehensive Income	**(1,850,532)**	**847,754**

(c) Segment assets reconciliation to Statement of Financial Position

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

Reconciliation of segment operating assets to total assets:

Segment operating assets	39,228,361	44,434,416
Intersegment eliminations	(5,817,945)	(6,578,821)
Deferred tax assets	3,639,016	2,536,045
Deferred acquisition costs	723,321	875,486
Other	-	16,936
Total assets per Statement of Financial Position	**37,772,753**	**41,284,062**

(d) Segment liabilities reconciliation to Statement of Financial Position

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

Reconciliation of segment liabilities to total liabilities:

Segment operating liabilities	24,881,250	25,640,294
Intersegment eliminations	(3,948,333)	(4,695,572)
Income tax payable	559,226	1,354,472
Provisions	169,000	128,000
Insurance premiums in advance	1,031,014	1,925,740
Total liabilities per Statement of Financial Position	**22,692,157**	**24,352,934**

7. NET INTEREST INCOME

	CHARGING GROUP		COMPANY	
	for the year to 31 March 2010 $	for the year to 31 March 2009 $	for the year to 31 March 2010 $	for the year to 31 March 2009 $
Interest and similar income (for financial assets not at fair value though profit or loss)				
Finance receivables				
Interest Income (not impaired)	3,193,591	2,837,704	3,193,591	2,837,704
Interest Income (impaired)	2,541,856	4,034,015	2,541,856	4,034,015
Imputed Interest Income	1,636,859	835,571	1,636,859	835,571
Total Interest Income	7,372,306	7,707,290	7,372,306	7,707,290
Bank deposits	45,950	41,460	45,877	40,948
Other Interest Income	25	-	-	-
	7,418,281	**7,748,750**	**7,418,183**	**7,748,238**
Interest and similar expense (at amortised cost)				
Interest - bank overdraft	(295)	(6,415)	(295)	(6,406)
Interest - debentures	(1,329,735)	(1,457,285)	(1,329,735)	(1,457,285)
Interest - related party borrowings	(774,518)	(801,680)	(771,829)	(795,421)
Direct expenses - Finance receivables	(263,241)	(86,413)	(270,718)	(171,314)
	(2,367,789)	**(2,351,793)**	**(2,372,577)**	**(2,430,426)**
Net interest income	**5,050,492**	**5,396,957**	**5,045,606**	**5,317,812**

Interest income includes imputed interest income on impaired assets as required by NZ IAS 39. A corresponding charge has been recognised under the 'Impairment Expense' line in the Statement of Comprehensive Income.

8. NET FEE AND COMMISSION INCOME

	CHARGING GROUP		COMPANY	
	for the year to 31 March 2010 $	for the year to 31 March 2009 $	for the year to 31 March 2010 $	for the year to 31 March 2009 $
Fee and commission income				
Credit related fees and commissions				
- External	1,155,402	977,226	1,156,032	977,226
	1,155,402	**977,226**	**1,156,032**	**977,226**
Fee and commission expense				
Other fees paid	(75,654)	(58,153)	(75,654)	(58,153)
	(75,654)	**(58,153)**	**(75,654)**	**(58,153)**
Net fee and commission income	**1,079,748**	**919,073**	**1,080,378**	**919,073**

9. NET INSURANCE INCOME

	CHARGING GROUP		COMPANY	
	for the year to 31 March 2010 $	for the year to 31 March 2009 $	for the year to 31 March 2010 $	for the year to 31 March 2009 $
Insurance income				
Insurance/Indemnity premium	2,537,764	2,636,254	-	-
	2,537,764	**2,636,254**	**-**	**-**
Insurance expenses and related charges				
Insurance/Indemnity claims	(830,348)	(641,384)	-	-
Acquisition cost Incurred	(169,520)	(385,347)	-	-
	(999,868)	**(1,026,731)**	**-**	**-**
Net insurance income	**1,537,896**	**1,609,523**	**-**	**-**

10. OTHER OPERATING EXPENSES

	CHARGING GROUP		COMPANY	
	For the year to 31 March 2010 $	For the year to 31 March 2009 $	For the year to 31 March 2010 $	For the year to 31 March 2009 $
Accounting Fees	(19,831)	(84,448)	(16,315)	(84,448)
Advertising	(110,366)	(163,430)	-	(4,455)
Computer	(106,848)	(101,019)	(79,173)	(82,667)
Motor Vehicle & Travel	(142,001)	(221,841)	(104,865)	(196,680)
Telephone	(215,525)	(267,298)	(180,887)	(235,399)
Office, Printing & Postage	(259,315)	(192,500)	(155,851)	(149,933)
Other Expenses not detailed above	(611,988)	(280,159)	(413,705)	(212,790)
Total Other Expenses	**(1,465,874)**	**(1,310,695)**	**(950,796)**	**(966,372)**
Audit fees	(235,943)	(257,927)	(149,883)	(194,134)
Other assurance services performed by auditor	(18,736)	(17,969)	(16,656)	(17,969)
Total fees paid to auditors	**(254,679)**	**(275,896)**	**(166,539)**	**(212,103)**

11. TAXATION

	CHARGING GROUP		COMPANY	
	For the year to 31 March 2010 $	For the year to 31 March 2009 $	For the year to 31 March 2010 $	For the year to 31 March 2009 $
(a) Income tax expense				
Current tax	313,402	722,464	165,558	510,778
Deferred tax	(1,102,971)	(356,560)	(1,090,650)	(347,980)
Under (over) provided in prior periods	-	1,964	-	1,964
	(789,569)	**367,868**	**(925,092)**	**164,762**
(b) Reconciliation of income tax expense				
Profit before income tax	(2,640,101)	1,215,622	(3,089,296)	539,623
Taxation at the statutory tax rate of 30%	(792,030)	364,687	(926,789)	161,887
Effect of changes in tax rates	-	-	-	-
Permanent Differences	2,461	3,181	1,697	2,875
Income Tax Expense	**(789,569)**	**367,868**	**(925,092)**	**164,762**
(c) Imputation credit account				
Balance at beginning of period	1,260,166	1,159,742	1,225,570	1,125,530
Imputation credits attached to dividends received	420	-	420	-
Income tax paid during period	1,108,568	100,000	844,468	100,000
Resident withholding tax received	80	212	42	20
Transfers and other adjustments	-	-	-	-
	2,369,234	**1,259,954**	**2,070,500**	**1,225,550**

On 20 May 2010, the New Zealand Government announced a change in the corporate tax rate from 30% to 28% for the 2011/12 tax year. This does not impact these financial statements.

(d) Deferred tax assets

The balance comprises temporary differences at 30% attributable to:

Impairment allowance	3,553,362	2,469,627	3,553,362	2,469,627
Employee benefits	34,954	28,018	31,422	24,507
Provision for insurance claims	50,700	38,400	-	-

Net deferred tax assets	**3,639,016**	**2,536,045**	**3,584,784**	**2,494,134**
Movements:				
Opening balance	2,536,045	2,146,125	2,494,134	2,146,154
Credited to income statement	1,102,971	356,560	1,090,650	326,780
Prior period adjustment	-	33,360	-	21,212
	3,639,016	**2,536,045**	**3,584,784**	**2,494,134**

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

12. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	31 March 2010	31 March 2009	31 March 2010	31 March 2009
	$	$	$	$
Cash at bank	1,245,160	3,444,713	1,238,410	3,433,569
Cash on hand	-	-	-	-
Cash and cash equivalents	**1,245,160**	**3,444,713**	**1,238,410**	**3,433,569**

The carrying amount of cash and cash equivalents represents fair value. Cash and cash equivalents are held at call and bear interest rates of between 0.30% and 3.40% per annum.

13. RECEIVABLES

	CHARGING GROUP		COMPANY	
	31 March 2010	31 March 2009	31 March 2010	31 March 2009
	$	$	$	$
Gross Finance Contract Receivables	35,352,900	34,287,505	35,352,900	34,287,505
Allowance for unearned interest	(80,566)	(76,944)	(80,566)	(76,944)
Allowance for impairment	(11,844,540)	(8,232,091)	(11,844,540)	(8,232,091)
Net Finance Contract Receivables	**23,427,794**	**25,978,470**	**23,427,794**	**25,978,470**
Related party receivables	-	16,935	13,637	16,935
Allowance for impairment	-	-	-	-
Net related party receivables	**-**	**16,935**	**13,637**	**16,935**
Net Investment in Receivables	**23,427,794**	**25,995,405**	**23,441,431**	**25,995,405**

The Charging Group provides finance to customers primarily for purchase of motor vehicles, consumer goods and commercial and property loans.

Gross Finance Contract Receivables are summarised as follows:

Not past due and not impaired	12,156,977	8,915,089	12,156,977	8,915,089
Past due but not impaired	2,878,091	8,730,445	2,878,091	8,730,445
Collectively impaired (but not necessarily individually impaired)	20,317,832	16,641,971	20,317,832	16,641,971
Allowance for unearned interest	(80,566)	(76,944)	(80,566)	(76,944)
Allowance for impairment	(11,844,540)	(8,232,091)	(11,844,540)	(8,232,091)
Total	**23,427,794**	**25,978,470**	**23,427,794**	**25,978,470**

The aging is as follows:

1 to 30 Days	-	114,808	-	114,808
31 to 60 Days	-	180,324	-	180,324
61 to 119 Days	-	369,061	-	369,061
120 Days Plus	20,317,832	15,977,778	20,317,832	15,977,778
collectively impaired Receivables	**20,317,832**	**16,641,971**	**20,317,832**	**16,641,971**
1 to 30 Days	1,101,000	3,661,025	1,101,000	3,661,025
31 to 60 Days	1,089,812	864,448	1,089,812	864,448
61 to 119 Days	687,279	864,593	687,279	864,593
120 Days Plus	-	3,340,379	-	3,340,379
past due but not impaired	**2,878,091**	**8,730,445**	**2,878,091**	**8,730,445**

At reporting date there were no finance receivables which were individually determined to be impaired. (March 2009:$Nil)
The table below shows a reconciliation of the movement in the allowance for impairment of finance receivables which are collectively determined to be impaired. The table also includes the Bad Debts written off.

	CHARGING GROUP		COMPANY	
	31 March 2010 $	31 March 2009 $	31 March 2010 $	31 March 2009 $
Balance of Impairment Allowance at beginning of period	(8,232,091)	(7,075,572)	(8,232,091)	(7,075,572)
(Increase)/decrease in Impairment Allowance	(3,612,449)	(1,156,519)	(3,612,449)	(1,156,519)
Balance of Impairment Allowance of Finance Contract Receivables at end of period	**(11,844,540)**	**(8,232,091)**	**(11,844,540)**	**(8,232,091)**
Movement in Impairment Allowance	(3,612,449)	(1,156,519)	(3,612,449)	(1,156,519)
Receivables written off during the period	(1,125,177)	(313,823)	(1,125,177)	(313,823)
Imputed Interest written off during the period	(1,636,859)	(835,571)	(1,636,859)	(835,571)
Receivables recovered during the period	20,729	18,350	20,729	18,350
Net Impairment gain/(loss) on financial assets	**(6,353,757)**	**(2,287,563)**	**(6,353,757)**	**(2,287,563)**

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

The collective impairment allowance represents the difference between the carrying value of the finance receivables and their estimated present value. The finance receivables were discounted at their original effective interest rates over the estimated life of the loans based on estimated future cash flows of the loans in order to calculate their present value.

14. OTHER ASSETS

	CHARGING GROUP		COMPANY	
	31 March 2010 $	31 March 2009 $	31 March 2010 $	31 March 2009 $
Prepayments and other Receivables	**507,551**	**250,971**	**49,768**	**22,309**

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

15. GOODWILL

	CHARGING GROUP		COMPANY	
	31 March 2010 $	31 March 2009 $	31 March 2010 $	31 March 2009 $
Balance at beginning of period	7,416,751	7,416,751	-	-
Impairment (loss)	-	-	-	-
Balance at end of period	**7,416,751**	**7,416,751**	**-**	**-**

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

The following key assumptions have been made:

- The intangible assets have been assigned to one cash generating unit – Beneficial Insurance Limited.
- Insurance and indemnity claims continue at the same % as experienced in the last 12 months.
- The forecast cash flows were discounted at a pre tax rate of 22.9%.
- The PetnSur business growth rates of $750,000 per annum for the forecast period based on growth trends.
- The growth rates assumed for the BFL loan book are 20% for the periods ending 31 March 2012 and 2013, and 30% for the remaining periods and the uptake of insurance on this book continues at historic levels.
- The Guarantee Scheme will continue until 12 October 2010. We have assumed the probability that the Guarantee Scheme will not continue beyond this point.
- The projections are representative of conditions prevalent on the date of this report and the BIL business is capable of achieving the projected financial performance.
- A terminal growth rate of 3% for calculating the continuing value of the BIL business.
- BIL's operating costs for 2011 are assumed to be $1.1M and growing at 3% thereafter until 2016. BIL's Management consider this level of expenditure to be appropriate for operating the BIL business as envisaged. This level of expenditure reflects a consideration of actual costs incurred in the year ended 31 March 2010, one off expenses incurred which will not be required in the future, cost efficiencies achieved and consideration of expenditure which would be required for operating

the BIL business as planned. Substantial analysis has been undertaken by BFL and BIL Management for this purpose. We have assumed operating costs to be at this level in the cash flow projections for 2011 to 2016.

- There will be no change in the current arrangements for funding between BFL and BIL.
- There will be no changes in the legal environment for either BFL or BIL.
- The operating cost assumptions are reasonable and achievable.
- The Directors have performed a sensitivity analysis over the goodwill impairment model and have provided for a probability of achievement adjustment in its forecasted cash flows.
- This model indicates the value in use exceeds the carrying value of the goodwill by $102,855. If actual revenue was 2% below that forecast the value in use would equal the carrying amount.

16. INSURANCE ASSETS

	CHARGING GROUP		COMPANY	
	31 March 2010	31 March 2009	31 March 2010	31 March 2009
	$	$	$	$
Deferred acquisition costs at end of the period	723,321	875,486	-	-
Government stock	510,000	510,000	-	-
	1,233,321	**1,385,486**	**-**	**-**
Deferred acquisition costs analysis				
Deferred acquisition costs at beginning of the period	875,486	1,256,676	-	-
Acquisition cost deferred	618,221	-	-	-
Amortisation charged to profit or loss	(770,386)	(381,190)	-	-
Deferred acquisition costs as at end of the period	**723,321**	**875,486**	**-**	**-**
Current / Non - Current Split				
Current Portion of Deferred acquisition costs at end of period	618,221	853,239	-	-
Non Current Portion of Deferred acquisition costs at end of period	105,100	22,247	-	-
Non Current Portion of Government stock	510,000	510,000	-	-
	1,233,321	**1,385,486**	**-**	**-**

Actuarial Assumptions and Methods

Methods

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

Central Estimate of Outstanding Claims Liabilities

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

i) Historical trends in the incidence and development of the number of claims reported, claim payments and reported incurred costs.

ii) Exposure details, including earned premiums and policy limits.

iii) Claim frequencies and average claim sizes.

iv) The legislative framework, legal and court environments and social and economic factors that may impact upon each class of business.

v) Historical and likely future trends in standard inflationary pressures relating to commodity prices and wages.

vi) Historical and likely future trends on inflationary pressures in addition to price or wage inflation, termed superimposed inflation.

vii) Historical and likely future trends of expenses associated with managing claims to finalization.

viii) Historical and likely future trends of recoveries from sources such as subrogation and third party actions.

ix) Insurer specific, relevant industry data and more general economic data utilized in the estimation process.

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

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

Risk Margins

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

Assumptions

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

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

i) Discount Rate Because the outstanding claims liability represents payments that will be made in the future, they are discounted to reflect the time value of money effectively recognizing that the assets held to back insurance liabilities will earn a return during that period. Discount rates are based on gross yields to maturity of NZ Government bonds of appropriate terms as at 31 March 2010.

ii) Future settlement patterns and weighted average term to settlement. The weighted average term to settlement is an aggregate figure for all classes of business based on expected claims development patterns which are in turn derived from an analysis of historical claims patterns.

iii) Assumed loss ratios. Assumed loss ratios were determined from a consideration of observed loss ratios for historical loss quarters.

iv) Risk Margin. The overall risk margin is determined allowing for diversification between classes of business and the relative uncertainty of the outstanding claims estimates for each class. The assumptions regarding uncertainty for each class are applied to the net central estimates and the results are aggregated, allowing for diversification, in order to arrive at an overall net provision that is intended to provide a probability of sufficiency of 85 per cent.

v) Expense allowance. An estimate of outstanding claims liabilities will typically incorporate an allowance for the future cost of administering the claims. This allowance was based on a company of claim related expenses.

Insurance contracts-risk management policies and procedures

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

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

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

Key aspects of the processes established to mitigate risks include:

i) The maintenance and use of sophisticated management information systems, which provide up to date, reliable data on the risks to which the business is exposed at any point in time.

ii) The use of actuarial models based on historical data to calculate premiums and monitor claim patterns.

iii) The management of assets and liabilities is closely monitored to attempt to match the expected pattern of claims payments with the maturity dates of assets.

Terms and conditions of insurance business

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

Concentration of insurance risk

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

Financial Risk

i) Interest rate risk. The Group is exposed to interest rate risk arising on interest bearing assets. The Group manages some of its exposure to this risk by holding the majority of such assets on short term maturities.

ii) Credit risk. The credit risk on financial assets of the Group is generally the carrying amount, net of any provisions for doubtful debts. Credit risk exposures are calculated regularly and compared to authorised credit limits before further transactions are undertaken with each counter party. The Group does not expect any counter parties to fail to meet their obligation and therefore does not require collateral or other security to support credit risk exposures.

iii) Market risk. The Group is exposed to market risk including fair value, interest risk and price risk. Market risks arise from open positions in interest rate products which are exposed to general and specific market movements. The market risks that the Group primarily faces are interest rate risk, due to the nature of its investments and liabilities.

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

Unexpired risk liability

The Liability Adequacy Test ("LAT") has identified an unexpired risk liability in a portfolio of contracts with broadly similar risks that are managed together. The liability has resulted in a write down of deferred acquisition costs of $770,386 (March 2009: $381,190).

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

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

Insurance Maturity Analysis

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

31/03/2010 – The Charging Group	$ 0 to 6 Months	$ 7 to 12 Months	$ 13 to 24 Months	$ 25 to 60 Months	$ Over 60 Months	$ Total
Insurance Assets						
Deferred acquisition cost	**460,570**	**157,651**	**105,100**	**-**	**-**	**723,321**
Insurance Liabilities						
Provision for claims	169,000	-	-	-	-	169,000
Unearned premium liabilities	172,351	605,171	236,487	17,005	-	1,031,014
	341,351	**605,171**	**236,487**	**17,005**	**-**	**1,200,014**

31/03/2009 – The Charging Group	$ 0 to 6 Months	$ 7 to 12 Months	$ 13 to 24 Months	$ 25 to 60 Months	$ Over 60 Months	$ Total
Insurance Assets						
Deferred acquisition cost	**392,769**	**460,470**	**22,247**	**-**	**-**	**875,486**
Insurance Liabilities						
Provision for claims	64,000	64,000	-	-	-	128,000
Unearned premium liabilities	728,480	1,174,161	23,099	-	-	1,925,740
	792,480	**1,238,161**	**23,099**	**-**	**-**	**2,053,740**

17. PLANT AND EQUIPMENT

	Leasehold improvements $	**Furniture & fittings $**	**Office equipment $**	**Motor vehicles $**	**Total $**
CHARGING GROUP:					
COST					
At beginning of period	129,561	195,815	353,099	18,500	**696,975**
Additions	12,599	2,644	44,254	98,561	**158,058**
Transfers	-	-	-	-	**-**
Disposals	-	-	(1,410)	(10,124)	**(11,534)**
	142,160	**198,459**	**395,943**	**106,937**	**843,499**
ACCUMULATED DEPRECIATION					
At beginning of period	55,085	123,065	253,464	10,670	**442,284**
Charge for the period	9,635	13,005	52,386	24,376	**99,402**
Impairment charge	-	-	-	-	**-**
Eliminated on disposals	-	-	(1,347)	-	**(1,347)**
	64,720	**136,070**	**304,503**	**35,046**	**540,339**
NET BOOK VALUE					
At 31 March 2010	**77,440**	**62,389**	**91,440**	**71,891**	**303,160**
At 31 March 2009	74,476	72,750	99,635	7,830	**254,691**

	CHARGING GROUP		COMPANY	
	31 March 2010	31 March 2009	31 March 2010	31 March 2009
	$	$	$	$
Vehicles and office equipment includes the following amounts where the group is a lessee under a finance lease:				
Cost - capitalised finance leases	207,536	110,401	183,972	110,401
Accumulated depreciation	(104,055)	(52,755)	(97,706)	(52,755)
Net book value	**103,481**	**57,646**	**86,266**	**57,646**

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

18. COMMITMENTS

	CHARGING GROUP		COMPANY	
	31 March 2010	31 March 2009	31 March 2010	31 March 2009
	$	$	$	$
The Charging Group has no known material capital commitments	NIL	NIL	NIL	NIL
Operating leases				
Minimum lease payments paid under operating expenses recognised as an expense in the period	332,378	365,163	263,449	286,887
At the balance sheet date, the Charging Group had outstanding commitments under non - cancellable operating lease commitments which are due as follows:				
Within one year	298,648	256,186	280,378	250,975
Later than one year but not later than five years	144,152	129,719	144,152	127,019
Later than five years	-	-	-	-
Commitments not recognised in financial statements	**442,800**	**385,905**	**424,530**	**377,994**

Operating lease payments represent rentals payable by the Charging Group for its premises and certain of its equipment. Leases were negotiated and rentals were fixed. Rent is reviewed on every renewal date to reflect market rentals.

19. PAYABLES

	CHARGING GROUP		COMPANY	
	31 March 2010	31 March 2009	31 March 2010	31 March 2009
	$	$	$	$
Trade payables	118,145	156,660	93,305	126,863
Net related party payables	-	-	-	-
Accrued expenses	194,501	152,619	127,198	80,721
Employee related accruals	127,172	115,217	112,228	103,513
Withholding tax payable	61,914	71,045	61,914	71,045
GST (refund) payable	(9,805)	(45,289)	173	(1,349)
Financial lease liability	115,159	78,477	95,054	78,477
Other payables	87,572	13,036	71,235	12,939
	694,658	**541,765**	**561,107**	**472,209**

All of the items included in "Payables" are current payables with the exception of the finance lease as shown below.

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

Within one year	103,238	43,428	92,886	43,428
Later than one year but not later than five years	10,247	43,428	7,659	43,428
Later than five years	-	-	-	-
Commitments recognised in financial statements	**113,485**	**86,856**	**100,545**	**86,856**

The average interest rate on the financial leases is 10.60% (March 2009: 10.66%). The security to the lessor for the financial leases is limited to the value of the assets (2010: $103,481, 2009: $57,646).

20. INVESTMENT IN SUBSIDIARIES

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

	GROUP		COMPANY	
	31 March 2010	31 March 2009	31 March 2010	31 March 2009
	$	$	$	$
Investment	-	-	9,300,000	9,300,000
Impairment losses	-	-	-	-
12,738 ordinary shares	**-**	**-**	**9,300,000**	**9,300,000**

21. SHARE CAPITAL

	CHARGING GROUP		COMPANY	
	31 March 2010	31 March 2009	31 March 2010	31 March 2009
	$	$	$	$
Issued and fully paid				
12,738 ordinary shares	14,000,000	14,000,000	14,000,000	14,000,000

Ordinary shares
At 31 March 2010, the authorised and paid up share capital comprised 12,738 ordinary shares (2009: 12,738). In the last financial year there was no new issue of shares nor buybacks.

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

Dividends
The Directors do not recommend payment of a dividend in the current period (March 2009: $Nil)

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

	CHARGING GROUP		COMPANY	
	for the period to 31 March 2010	for the year to 31 March 2009	for the period to 31 March 2010	for the year to 31 March 2009
	$	$	$	$
Net (Loss)/Profit after tax	(1,850,532)	847,754	(2,164,205)	374,861
Add Non-Cash Items				
Depreciation	99,402	137,635	86,765	133,090
Profit/Loss on Sales of Asset	(851)	82,769	(87)	81,434
Impairment of receivables	5,332,455	2,287,563	5,332,455	1,451,992
Decrease / (increase) in deferred tax	(1,102,971)	(356,560)	(1,090,650)	(347,980)
Add movements in other working capital items				
(Decrease)/ increase in tax payable	(795,246)	624,215	(678,955)	412,722
Decrease /(increase) in Accounts receivable	(2,886,193)	3,802,981	(2,809,238)	4,302,601
(Decrease) / increase in Accounts Payable and Accruals	(659,835)	(1,326,664)	88,897	(35,867)
	(1,863,771)	**6,099,693**	**(1,235,018)**	**6,372,853**

23. INTEREST BEARING LIABILITIES

	CHARGING GROUP		COMPANY	
	31 March 2010	31 March 2009	31 March 2010	31 March 2009
	$	$	$	$
Secured				
Debentures	15,038,259	15,161,528	15,038,259	15,161,528
Total secured interest bearing borrowings	**15,038,259**	**15,161,528**	**15,038,259**	**15,161,528**
Unsecured				
Bank Overdraft	-	-	-	-
Subordinated Loan from related party (note 26)	5,200,000	5,241,429	9,134,696	9,873,924
	5,200,000	**5,241,429**	**9,134,696**	**9,873,924**
Total interest bearing liabilities	**20,238,259**	**20,402,957**	**24,172,955**	**25,035,452**

(a) Assets pledged as security

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

(b) Debentures

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

(c) Current/Non-current

Current borrowings	10,727,707	13,474,112	10,727,707	13,474,112
Non-current borrowings	9,510,552	6,928,845	9,510,552	6,928,845
	20,238,259	**20,402,957**	**24,172,955**	**20,402,957**

(d) Priority of claims

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

24. CURRENT AND TERM AGGREGATES

	CHARGING GROUP		COMPANY	
	31 March 2010	31 March 2009	31 March 2010	31 March 2009
	$	$	$	$
Aggregate Current Assets	16,580,508	15,556,002	16,035,607	15,246,353
Aggregate Non Current Assets	21,192,245	25,728,060	21,841,892	26,247,905
Aggregate Current Liabilities	13,044,366	11,915,185	12,910,814	11,782,552
Aggregate Non Current Liabilities	7,837,791	12,437,749	11,821,667	14,402,485

25. SUBSEQUENT EVENTS

There were no subsequent events requiring disclosure or measurement changes to the financial statements.

26. RELATED PARTY TRANSACTIONS

(a) Controlling party

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

(b) Directors Remuneration – Short term benefits only.

	CHARGING GROUP		COMPANY	
	for the year to 31 March 2010	for the year to 31 March 2009	for the year to 31 March 2010	for the year to 31 March 2009
	$	$	$	$
A. Radisich	-	-	-	-
N. Smith	50,625	50,625	50,625	50,625
T. Storey (Appointed 18/10/08)	50,625	47,777	50,625	47,777
R. Kats (Appointed 14/5/09)	-	-	-	-
	101,250	**98,402**	**101,250**	**98,402**

(c) Key management and personnel compensation

Key management personnel compensation for the periods ended 31 March 2010 and 31 March 2009 are set out below. The key management personnel are all the directors of the Company and the Senior Management with the greatest authority for the strategic direction and management of the Company.

Key management personnel compensation for the period comprised:

	CHARGING GROUP		COMPANY	
	for the year to 31 March 2010	for the year to 31 March 2009	for the year to 31 March 2010	for the year to 31 March 2009
	$	$	$	$
Employee Remuneration	616,991	651,913	536,991	550,374

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

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

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

	Country of incorporation	Relationship	Type of Service	GROUP for the year to 31 March 2010 $	GROUP for the year to 31 March 2009 $	COMPANY for the year to 31 March 2010 $	COMPANY for the year to 31 March 2009 $
Purchase of goods/ services							
Executive Trustees Limited	New Zealand	Common ownership	Rent	272,229	264,753	194,684	186,477
Penrose Enterprises Limited	New Zealand	Common ownership	Vehicle Leasing	10,102	-	-	-
Natwest Finance Limited	New Zealand	Common ownership	Vehicle Financing	27,559	34,752	19,277	21,992
				309,890	**299,505**	**213,961**	**208,469**
Amounts due to related parties							
Current							
Timberton Investments Limited	New Zealand	Common ownership	Advance	-	241,429	-	178,352
Timberton Investments Limited	New Zealand	Common ownership	Debenture	1,818,000	-	1,818,000	-
Executive Trustees Limited	New Zealand	Common ownership	Debenture	-	294,020	-	294,020

Non-current							
Timberton Investments Limited	New Zealand	Common ownership	Advance	5,200,000	5,000,000	5,200,000	5,000,000
Beneficial Insurance Limited	New Zealand	Subsidiary	Advance	-	-	3,934,696	4,695,572
Timberton Investments Limited	New Zealand	Common ownership	Debenture	500,000	1,678,307	500,000	1,678,307
Executive Trustees Limited	New Zealand	Common ownership	Debenture	-	321,693	-	321,693
Total payable to Related Parties				**7,518,000**	**7,535,449**	**11,452,696**	**12,167,944**
Amounts due from related party							
Current							
Vehicle Funding Limited	New Zealand	Subsidiary	Receivable	-	-	13,637	-
CBA Finance Limited	New Zealand	Common directorship	Receivable	-	16,935	-	16,935
				-	**16,935**	**13,637**	**16,935**

Timberton Investments Limited has charged the Company interest at 15% p.a. (March 2009: 15%) on the loan with a closing balance of $5,200,000. Timberton Investments Limited has the following maturity dates for the loan:

- $1,050,000 Maturing October 2011
- $1,050,000 Maturing October 2012
- $1,050,000 Maturing October 2013
- $2,050,000 Maturing October 2015

Interest has been charged at a weighted average rate of 7.2% on the Debentures held by the related parties as at 31 March 2010 (March 2009: 11.0%).

Timberton Investments Limited has charged the subsidiary, Beneficial Insurance Limited interest at 10% p.a. (March 2009: 10%) on the loan with a closing balance of $NIL (March 2009: $63,077). This loan was fully repaid by Beneficial on 22 September 2009. These loans were unsecured as at 31 March 2010. The loan from Timberton to the Company is ranking behind debentures and pari passu with other unsecured, unsubordinated indebtedness.

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

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

27. CONTINGENCIES

There were no known material contingent liabilities at 31 March 2010 (March 2009: $Nil).

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

The Reserve Bank of New Zealand regulates NBDTs in New Zealand for the purposes of promoting the maintenance of a sound and efficient financial system, and avoiding significant damage to the financial system that could result from the failure of a NBDT.

NBDTs are defined in the Reserve Bank of New Zealand Act 1989 (“the Act”), which refers to these entities as “deposit takers”, as entities that are not registered banks, but which offer debt securities (as defined in the Securities Act 1978) to the public and carry on the business of borrowing and lending money, or providing financial services (or both). As the Company falls within the definition of an NBDT, it is required to comply with the deposit taker provisions of the Act.

Among the main items of the Act applicable to NBDTs are:

- section 157I which, since coming into force on 1 March 2010, requires NBDTs to have a long term issuer credit rating from either Fitch Ratings, Moody’s Investors Service, or Standard & Poor’s Rating Services;
- section 157L which relates to governance requirements (these requirements will come into force on 1 December 2010);
- section 157M which, since coming into force on 1 September 2009, requires NBDTs to have a risk management programme outlining how the NBDT identifies and manages certain risks and is approved by the Trustee;
- section 157P which relates to minimum capital (this requirement is not yet in force);
- section 157S which requires a minimum capital ratio, calculated according to the framework prescribed by the Reserve Bank, to be included in all NBDT’s trust deeds (these requirements will come into force on 1 December 2010);
- section 157V which relates to a maximum limit on exposures to related parties (these requirements will come into force on 1 December 2010); and
- section 157Z which relates to liquidity requirements (regulations are currently expected to be promulgated in 2010).

On 25 February 2010, the Company was assigned a BB- long term issuer credit rating from approved rating agency Standard & Poor’s with negative outlook. The Company’s short term credit rating is B.

The Company has a risk management programme in place which has been approved by the Trustee.

The Reserve Bank is currently developing policy recommendations for Cabinet to consider, which are expected to lead to a second Bill and will complete the legislative framework for the NBDT sector. Those recommendations are expected to include, amongst other things, a requirement for all NBDTs to be licensed by the Reserve Bank, together with fit and proper person requirements, change of ownership regulations, a crisis management framework for dealing with NBDT distress and failures and liquidity provisions. It is expected that the second Bill will be introduced to Parliament later in 2010 following public consultation.

STATUTORY INFORMATION

This part of the Prospectus sets out or refers to the information required by the Schedule 2 of the Securities Regulations 2009.

1. MAIN TERMS OF THE OFFER

This Prospectus dated 15 September 2010 is for an issue of up to $40,000,000 of Debenture Stock by Broadlands Finance Limited. The registered office of Broadlands Finance Limited is Level 3, 445 Karangahape Road, Newton, Auckland. The consideration to be paid for the Debenture Stock is as set out on the Application Form.

Debenture Stock are debt securities issued by Broadlands under the Trust Deed between Broadlands and Trustees Executors Limited dated 26 April 2001, as amended by a Deed of Modification dated 3 October 2002 and Supplemental Trust Deeds dated 11 April 2005 and 7 September 2009.

In the case of Debenture Stock that is a term investment, the rate of return on that Debenture Stock is fixed for the term. In the case of Debenture Stock that is an "at call" investments, the rate of return is subject to daily review by Broadlands. Interest is paid at the election of the debenture holder either quarterly or monthly at the end of each period respectively.

For further information on the securities being offered, see the summary of the Debenture Stock set out on pages 3 to 14 of this Prospectus and the summary of the terms of the Trust Deed set out on pages 11 to 14 of this Prospectus.

2. NAME AND ADDRESS OF THE OFFEROR

Not applicable.

3. DETAILS OF INCORPORATION OF ISSUER

Broadlands was incorporated on 25 January 1995 under the provisions of the Companies Act 1993 and was registered at Auckland on that date. Its registered number is 662530. The Company's public file may be accessed on the Companies Office website at www.companies.govt.nz. Where relevant documents are not available on the website, a request for documents can be made by telephoning the Companies Office Contact Centre on 0508 266 726.

4. GUARANTORS

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

The guarantees are contained in the Supplemental Trust Deeds and are secured by a security interest and charge in favour of the Trustee over all present and future assets of Beneficial Insurance Limited and Vehicle Funding Limited. None of the Trustee, the Directors, shareholder of Broadlands, nor any person other than Beneficial Insurance Limited and Vehicle Funding Limited, guarantees the repayment of the Debenture Stock or interest thereon.

In addition, until 12:01am on 12 October 2010, Broadlands has a guarantee under the New Zealand deposit guarantee scheme. See pages 11 to 12 for further information about this scheme.

5. NAMES, ADDRESSES, AND OTHER INFORMATION

The name and address of the Directors are set out on page 2 of this Prospectus. Rudi Kats is a director who is also employed as Chief Executive Officer of Broadlands.

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

Details of the auditors, bankers, actuary and solicitors to Broadlands, and of the Trustee, are set out on page 2 of this Prospectus.

6. RESTRICTIONS ON DIRECTORS' POWERS

The modifications, exceptions or limitations on the powers of the board of the Company imposed by the Companies Act 1993 or the constitution of the Company are:

- unless shareholder approval is first obtained, the Directors may not issue further shares in the Company, including different classes of shares and shares that: rank equally with, or in priority to, existing shares; rank equally with, or in priority to, existing Shares; have deferred, preferred or other special rights or restrictions, whether as to voting rights or distributions or otherwise; confer preferential rights to distributions of capital or income; confer special, limited or conditional voting rights; do not confer voting rights; or are redeemable in accordance with section 68 of the Companies Act 1993;

- the Directors may not authorise a dividend in respect of some but not all shares in a class, nor that is of greater value per share in respect of some shares of a class than it is in respect of other shares in that class (except in limited circumstances);

- a quorum for a meeting of the board may be fixed by all of the Directors, and unless so fixed, is a majority of the Directors; and

- major transactions (as defined in the Companies Act 1993) must be approved by a special resolution of shareholder(s).

There are no modifications, exceptions or limitation on the powers of the board of the Company imposed by the Companies Act 1993 or the constitution of the Company apart from those modifications imposed on all companies by the Companies Act 1993, in force at the date of this Prospectus.

7. DESCRIPTION OF ACTIVITIES OF BORROWING GROUP

The borrowing group (as defined in the Securities Regulations 2009) is referred to in the Trust Deed as the "Charging Group". The two expressions are synonymous. The Charging Group is made up of the Company, Beneficial Insurance Limited and Vehicle Funding Limited. The activities of the Charging Group during the 5 years preceding the date of this Prospectus are set out on pages 5 to 6 of this Prospectus.

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

8. SUMMARY FINANCIAL STATEMENTS

The financial statements in summary form for the borrowing group are set out on pages 15 to 18 of this Prospectus.

9. ACQUISITION OF BUSINESS OR SUBSIDIARY

Not applicable.

10. MATERIAL CONTRACTS

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

Deed of Guarantee

Effective 12 October 2008, Broadlands entered into a deed of guarantee with the Crown, dated 19 November 2008, under the New Zealand retail deposit guarantee scheme. Further information about this scheme is set out on pages 11 to 12 of this Prospectus. In accordance with the deposit guarantee scheme, Broadlands also entered into a revised deed of guarantee with the Crown on 15 December 2009. A copy of the deed of guarantee and the revised deed of guarantee may be inspected on The Treasury's website at www.treasury.govt.nz.

2009 Loan Facility Deed

In 2007, the Borrowing Group entered into the following existing loan advances with Timberton Investments Limited (**Timberton**) (**Existing Loan Advances**):

- Loan Agreement dated 20 August 2007 between Timberton and Broadlands under which Timberton advanced the sum of $32,350.12 to Broadlands. Interest accrued at a rate of 10 per cent per annum and the loan was to mature on 1 April 2008.
- Loan Agreement dated 20 August 2007 between Timberton and Broadlands under which Timberton advanced the sum of $56,265.00 to Broadlands. Interest accrued at a rate of 10 per cent per annum and the loan was to mature on 1 April 2008.
- Loan Agreement dated 20 August 2007 between Timberton and Broadlands under which Timberton advanced the sum of $1,000,000 to Broadlands. Interest accrued at a rate of 10 per cent per annum and the loan was to mature on 30 April 2008.
- Loan Agreement dated 20 August 2007 between Timberton and Broadlands under which Timberton advanced the sum of $4,000,000 to Broadlands. Interest accrued at a rate of 15 per cent per annum and the loan was to mature on 31 March 2009.

Timberton, the lender under the Existing Loan Advances, is a company wholly-owned by Anthony Radisich, the sole shareholder of Broadlands (Anthony Radisich does not guarantee the Debenture Stock).

On 19 October 2007 Broadlands entered into a Loan Facility Deed (**2007 Loan Facility Deed**) with Timberton.

Under the Loan Facility Deed the dates for repayment of (i) the Existing Loan Advances and (ii) $1,621,175 in deposit debenture stock issued under the terms of the Trust Deed to Timberton (**Existing Debenture Advances**) were, in each case, amended to 31 October 2009 (subsequently extended as noted below). The Existing Loan Advances and the Existing Debenture Advances are referred to collectively as the "**Existing Advances**". The 2007 Loan Facility Deed expired on 19 October 2009.

The Existing Debenture Advances continue to have the protections of Debenture Stock under the terms of the Trust Deed, including equal ranking with Debenture Stock issued under this Prospectus. The Existing Loan Advances are not secured and rank behind holders of Debenture Stock in the event of insolvency.

On 25 September 2009 Broadlands entered into a Loan Facility Deed with Timberton under which:

- The repayment of $2,000,000 Debenture Stock held by Timberton was deferred as follows:
  - an amount equal to $500,000 was due for repayment on 30 June 2010 instead of 31 October 2009. The date for repayment of this $500,000 tranche has been subsequently extended to 2 April 2011;
  - a further $500,000 was due for repayment on 31 October 2010 instead of 31 October 2009. The date for repayment of this $500,000 tranche has been subsequently extended to 2 April 2011;
  - a further $500,000 is now due for repayment on 28 February 2011 instead of 31 October 2009; and
  - a further $500,000 is now due for repayment on 30 June 2011 instead of 31 October 2009.
- The repayment of $5,100,000 of Existing Loan Advances, and $100,000 in principal amount of advances under the Loan Facility made by Timberton to the Company under the 2007 Loan Facility Deed, was deferred as follows:
  - an amount equal to $1,050,000 is now due for repayment on 31 October 2011 instead of 31 October 2009;
  - a further $1,050,000 is now due for repayment on 31 October 2012 instead of 31 October 2009;
  - a further $1,050,000 is now due for repayment on 31 October 2013 instead of 31 October 2009; and
  - a further $2,050,000 plus any accrued and unpaid interest is now due for repayment on 31 October 2015 instead of 31 October 2009.

Notwithstanding that the redemption dates for Debenture Stock held by Timberton have been extended as set out above, that Debenture Stock will continue to have the protections of Debenture Stock under the terms of the Trust Deed, including equal ranking with Debenture Stock issued under this prospectus.

As noted on page 8, the sole shareholder of the Company, Mr Radisich, has committed to Broadlands:

- that he will not withdraw support from Broadlands within the 12 months from 20 August 2010; and
- that he will use his best endeavours in giving Broadlands the management and financial support it may require to enable it to pay its creditors as they fall due, in so far as such payments cannot be funded from Broadlands' own resources, within the 12 months from 20 August 2010.

The Directors are satisfied that Tony Radisich has the resources and ability to meet his obligations under this commitment if called upon by Broadlands.
Notwithstanding this commitment, Tony Radisich does not guarantee the Debenture Stock.

11. PENDING PROCEEDINGS

There are no legal proceedings or arbitrations pending at the date of this Prospectus that may have a material adverse effect on the borrowing group.

12. ISSUE EXPENSES

The estimated expenses of and incidental to the issue of the Debenture Stock pursuant to this Prospectus are $50,000 exclusive of brokerage.

Broadlands will pay brokerage to sharebrokers, financial planners and agents of Broadlands on the value of applications lodged by them and reinvestments elected at the rates set out below with a minimum brokerage of $25.00 per investment.

Term	Rate%
3 months	0.125%
6 months	0.250%
9 months	0.375%
12 months	0.50%
18 months	0.75%
2 years	1.00%
3 years	1.50%

13. RANKING OF SECURITIES

As at 31 March 2010 and as at the date of this Prospectus, there were no securities on issue secured by a mortgage or charge over any of the assets of the Borrowing Group that rank in point of security ahead of the Debenture Stock.

The Debenture Stock offered under this Prospectus will rank equally with all Debenture Stock issued now or in the future by the Company under the Trust Deed.

As at 31 March 2010, $15,038,259 of equal ranking Debenture Stock had been issued under the Company's earlier Prospectuses and remained outstanding.

14. PROVISIONS OF THE TRUST DEED AND OTHER RESTRICTIONS ON BORROWING GROUP

The date, parties and particulars of any limitations in the Trust Deed relating to the Debenture Stock are described on pages 11 to 14 and 38 of this Prospectus. There are no restrictions on the Borrowing Group's ability to borrow other than those restrictions contained or referred to in the Trust Deed as set out on pages 11 to 14 of this Prospectus. The duties stated by the Trust Deed to be those of the Trustee are set out at pages 13 to 14. A statement by the Trustee that the offer of the Debenture Stock complies with the Trust Deed and that the Trustee does not guarantee repayment of the Debenture Stock or payment of any interest on the Debenture Stock is set out on page 59 of this Prospectus.

15. OTHER TERMS OF OFFER AND SECURITIES

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

16 - 18. REQUIREMENTS IN RESPECT OF THE FINANCIAL STATEMENTS

Prior to registration of the Prospectus, a member of the Borrowing Group had commenced business and acquired assets and incurred debts. Clauses 17 and 18 of Schedule 2 of the Securities Regulations 2009 are therefore applicable.

Audited financial statements for the Charging Group as at, for the year ended 31 March 2010 that comply with the Financial Reporting Act 1993 were registered on 8 September 2010. The financial statements of the Borrowing Group and the accompanying notes are set out on pages 19 to 53 of this Prospectus.

The financial statements included in the Prospectus are the most recent financial statements for the Borrowing Group as at the date of this Prospectus. The directors therefore do not consider it necessary to include interim financial statements for the Borrowing Group.

19. PLACES OF INSPECTION OF DOCUMENTS

A copy of this Prospectus duly signed and having attached thereto copies of the Auditors' report, the signed consent of the Auditor to the report appearing in this Prospectus, the Trustee's statement and material contracts referred to above (being the documents which are required by Section 41 of the Securities Act 1978 and Regulation 18 of the Securities Regulations 2009 to be so attached) has been delivered for registration to the District Registrar of Companies at Auckland.

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

20. OTHER MATERIAL MATTERS

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

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

21. DIRECTORS' STATEMENT

The Directors' Statement is set out on page 14 of this Prospectus.

22. AUDITOR'S REPORT

A copy of the Auditors report required by clause 22 of Schedule 2 to the Securities Regulations 2009 is set out under the heading "Auditors Report" at page 60 of this Prospectus.

This Prospectus was signed by each of the Directors of Broadlands Finance Limited at the time it was delivered to the Registrar of Companies for registration.

Anthony S Radisich

Nigel P Smith

nigel P Smith

Timothy Ian Mackenzie Storey

Rudi Kats

GLOSSARY

Following is a summary of the definitions as they appear in this Prospectus.

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

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

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

"Broadlands" and **"Company"** means Broadlands Finance Limited or in the case of the Directors' Statement on page 14, Broadlands Finance Limited and the Charging Subsidiaries.

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

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

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

"Debenture Stock" means secured first ranking debenture stock of up to $40,000,000 offered to the public pursuant to this Prospectus.

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

"Director" means a director of Broadlands.

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

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

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

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

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

"Prospectus" means this prospectus dated 15 September 2010.

"Regulations" means the Securities Regulations 2009.

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

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

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

"Stockholder" means a holder of Debenture Stock.

"Subsidiary" means a company which is for the time being a subsidiary of the Company within the meaning of section 5 of the Companies Act 1993 and any other person to be treated as a subsidiary according to NZ GAAP from time to time.

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

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

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

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

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

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

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

"Trust Deed" means the trust deed dated 26 April 2001 between the Company and the Trustee, as amended by a deed of modification dated 3 October 2002 and from time to time.

"Trustee" means Trustees Executors Limited.

BDO AUCKLAND

15 September 2010

The Directors
Broadlands Finance Limited
Level 3, 445 Karangahape Road
Newton
Auckland

Dear Sirs

AUDIT OPINION ON THE FINANCIAL STATEMENTS INCLUDED IN THE PROSPECTUS

We have prepared this report for inclusion in the prospectus dated 15 September 2010.

As auditor of Broadlands Finance Limited, and in accordance with the requirements of the Securities Act 1978 and clause 22 of Schedule 2 of the Securities Regulations 2009, we report as follows:

Audited Financial Statements of Broadlands Finance Limited

We have audited the financial statements of Broadlands Finance Limited ("the Company") and its guaranteeing subsidiaries ("the Charging Group") on pages 19 to 53 of the prospectus. The financial statements provide information about the financial position of the Company and Charging Group as at 31 March 2010 and their financial performance and cash flows for the year ended on that date. This information is stated in accordance with the accounting policies set out on pages 23 to 28 of the prospectus.

Directors' Responsibilities

The Directors are responsible for the preparation and presentation of:

a. the financial statements which give a true and fair view of the financial position of the Company and Charging Group as at 31 March 2010, and their financial performance and cash flows for the year ended on that date pursuant to clause 17 of Schedule 2 of the Securities Regulations 2009;

b. the summary financial statements of the Charging Group for the years ended 31 March 2010, 2009, 2008, 2007, and 2006 as required by clause 8 of Schedule 2 of the Securities Regulations 2009; and

c. the details and amounts in respect of the ranking of securities of the Charging Group as at 31 March 2010 as required by clause 13 of Schedule 2 of the Securities Regulations 2009.

Auditor's Responsibilities

We are responsible for expressing an independent opinion on the financial statements presented by the Directors and reporting our opinion in accordance with clause 22(1) of Schedule 2 of the Securities Regulations 2009.

We are also responsible for reporting, in accordance with clause 22(1) (h) of Schedule 2 of the Securities Regulations 2009, on:

a. the amounts included in the summary financial statements for the years ended 31 March 2010, 2009, 2008, 2007, and 2006; and

b. the details and amounts in respect of the ranking of securities as at 31 March 2010 prepared and presented by the Directors.

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

Basis of Opinion on the Financial Statements, the Summary Financial Statements and the Ranking of Securities

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

a. the significant estimates and judgements made by the Directors in the preparation of the financial statements; and

b. whether the accounting policies used are appropriate to the circumstances of the Company and Charging Group, consistently applied and adequately disclosed.

We have 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 the information in the financial statements.

We have also undertaken procedures to provide reasonable assurance that:

a. the amounts set out in the summary financial statements on pages 15 to 18, pursuant to clause 8 of Schedule 2 of the Securities Regulations 2009, have been correctly taken from the audited financial statements of the Charging Group for the years ended 31 March 2010, 2009, 2008, 2007, and 2006; and

b. the details and amounts in respect of the ranking of securities on page 56, pursuant to clause 13 of Schedule 2 of the Securities Regulations 2009, have been correctly taken from the audited financial statements of the Charging Group as at 31 March 2010.

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

Emphasis of Matter

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

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

Finance Receivables Impairment Allowance
The assessment made by the Directors of the finance receivable impairment allowance. Gross finance receivables are predominately unsecured and rely on future cash flows. The assessment for impairment of finance receivables is based on the forecast of future discounted cash flows from finance receivable categories and from the residual value of certain categories, and the realisation of underlying securities. An impairment allowance of $11,844,540 has been provided at 31 March 2010 as disclosed in note 13. This assessment of impairment is based on methodologies and estimates that reflect management's and the Directors' past experience and expectations of the future cash flow performance of the various finance receivable categories. Future cash flows and realisation of securities from finance receivables are inherently uncertain and given the current economic climate these uncertainties are fundamental to their recoverability. In the

event the actual cash flows do not meet the forecasts, further impairment allowances would be required. Accordingly we are unable to estimate the impact of this uncertainty on the calculation of the impairment allowance.

Unqualified Opinion on the Financial Statements, the Summary Financial Statements and the Ranking of Securities

We have obtained all the information and explanations we have required.

In our opinion:

a. Proper accounting records have been kept by the Charging Group as far as appears from our examination of those records;

b. The financial statements, on pages 19 to 53 of the prospectus, pursuant to clause 17 of Schedule 2 of the Securities Regulations 2009, and that are required to be audited, have been drawn up to:

   i) comply with the Securities Regulations 2009;
   ii) comply with generally accepted accounting practice in New Zealand; and
   iii) give a true and fair view of the financial position of the Company and Charging Group as at 31 March 2010, and their financial performance and cash flows for the year ended on that date;

c. the amounts set out in the summary financial statements for the Charging Group, outlined on pages 15 to 18 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 Charging Group for the years ended 31 March 2010, 2009, 2008, 2007, and 2006; and

d. the details and amounts set out in respect of the ranking of securities, on page 56 of this prospectus, as required by clause 13 of Schedule 2 of the Securities Regulations 2009, have been correctly taken from the audited financial statements of the Charging Group for the year ended 31 March 2010.

We completed our work on the audited financial statements of the Charging Group for the year ended 31 March 2010 on 20 August 2010 and our unqualified opinion on the financial statements is expressed as at that date. We completed our work for the purpose of this report on the disclosure of the summary financial statements and the ranking of securities on 15 September 2010 and our unqualified opinion in respect of these is expressed at that date.

Statement of Consent

We hereby give our consent to the inclusion of this report dated 15 September 2010 in the form in which it appears in the Prospectus dated 15 September 2010. We also confirm that we have not, before delivery of a copy of this Prospectus for registration withdrawn our consent to the issue of thereof.

Yours faithfully

BDO Auckland

BDO Auckland
Auckland

Trustees Executors

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

15 September 2010

The Directors
Broadlands Finance Limited
445 Karangahape Road
Newton
AUCKLAND

Dear Sirs

BROADLANDS FINANCE LIMITED - Prospectus dated 15 September 2010

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

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

II. impose restrictions on the right of Broadlands Finance Limited to offer the Securities;

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

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

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

(a) set out above; and

(b) that, subject to the duties imposed on the Trustee by Schedule 15 of the Securities Regulations 1983, the Trustee relies on the information supplied to it by Broadlands Finance Limited pursuant to the Trust Deed and does not carry out an independent check of that information.

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

Yours sincerely
TRUSTEES EXECUTORS LIMITED

Shahazad Contractor
CORPORATE BUSINESS MANAGER
CORPORATE TRUST