

UDC FINANCE LIMITED PROSPECTUS
15 December 2011

UDC SECURED INVESTMENTS

NO. 65



NEW ZEALAND'S FINANCE COMPANY

**As at September 2011, over
23,000 investors have chosen
to invest with us to provide
them with solid returns on their
chosen Secured Investments.**



As at September 2011, over 23,000 investors have chosen to invest with us to provide them with solid returns on their chosen Secured Investments.

We hold an AA- long-term credit rating from international ratings agency, Standard & Poor's. This is an investment grade rating that's as strong as the main trading banks and denotes our very strong capacity to meet our financial commitments.

We take pride in having helped New Zealanders with their financial needs for over 70 years. We have supported backbone New Zealand

industries by providing them with asset finance solutions for a range of plant, machinery, vehicle, and equipment assets. Our commitment to you, the investor, is to continue to create and manage solid investment options both now and long into the future. It is our priority to ensure that our investors continue to benefit from solid returns and are provided with the highest level of customer service. For more information about our range of Secured Investments please call us during business hours on 0800 652 832 or visit www.udc.co.nz. We look forward to hearing from you.

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DIRECTORS' STATEMENT

In our opinion, after due inquiry by us in relation to the period between 30 September 2011 and the date of this Prospectus no circumstances have arisen which materially adversely affect:

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

This Prospectus has been duly signed by the Directors (or their duly authorised agents) of UDC Finance Limited

Stuart James McLauchlan

Director, Chairman of Board (Independent)

Bruce William Anderson

Director

Penelope Jane Ford

Director

Paul James Norris

Director (Independent)

Graham David Turley

Director

Richard Arthur Wilks

Director

THE DIRECTORS OF THE ISSUER AS AT 15 DECEMBER 2011 ARE:

Stuart James McLauchlan

Independent Director, Chairman of Board
3 Walsh Lane, Maori Hill, Dunedin, New Zealand

Bruce William Anderson

Head of Finance Commercial & Agri, ANZ
47 Helvetia Drive, Browns Bay, Auckland,
New Zealand

Penelope Jane Ford

Head of FX Sales Auckland, Global Markets NZ, ANZ
7 Kerr Street, Devonport, Auckland, New Zealand

Paul James Norris

Independent Director
87 Macquarie Street, Brisbane, Queensland,
Australia

Graham David Turley

Managing Director Commercial & Agri, ANZ
49 Glen Road, Stanley Point, Auckland,
New Zealand

Richard Arthur Wilks

Chief Credit Officer, ANZ
1 Taumata Road, Castor Bay, Auckland, New Zealand

You can contact the Directors at:

UDC Finance Limited
Level 6
1 Victoria Street
Wellington

None of the Directors of the Issuer have been adjudged bankrupt, convicted of a crime involving dishonesty, or prohibited from acting as a director of a company, in the 5 years preceding the date of delivery of this Prospectus for registration.

DIRECTORY



ISSUER

Name: UDC Finance Limited
Head Office: Level 2, 107 Carlton Gore Rd,
Newmarket, Auckland
Postal Address: PO Box 91145,
Victoria Street West, Auckland 1142
Registered Office: Level 6,
1 Victoria Street, Wellington
Telephone: 0800 652 832
Facsimile: 0800 655 832
Email: udcinv@anz.com
Website: www.udc.co.nz

SECRETARY TO BOARD

Craig Mulholland

AUDITORS

Name: KPMG
Physical Address:
18 Viaduct Harbour Avenue, Auckland
Postal Address: PO Box 1584,
Shortland Street, Auckland, 1140
Telephone: (09) 367 5800
Facsimile: (09) 367 5875

SOLICITORS

Name: Minter Ellison Rudd Watts
Physical Address: Level 20, Lumley Centre,
88 Shortland Street, Auckland
Postal Address: PO Box 3798, Auckland
Telephone: (09) 353 9700
Facsimile: (09) 353 9701

TRUSTEE

Name: Trustees Executors Limited
Physical Address: Level 5,
10 Customhouse Quay, Wellington
Postal Address: PO Box 3222, Wellington 6140
Telephone: (04) 495 0999
Facsimile: (04) 496 2952

SECURITIES REGISTRY

Name: UDC Finance Limited
Physical Address: Level 2, 107 Carlton Gore Rd,
Newmarket, Auckland
Postal Address: PO Box 91145,
Victoria Street West, Auckland 1142
Telephone: 0800 652 832
Facsimile: 0800 655 832

INCORPORATION

We were incorporated on 1 April 1938 under the Companies Act 1933 and re-registered on 23 June 1997 under the Companies Act 1993. Our registered company number is 3580.

INSPECTION OF DOCUMENTS

Investors can view our certificate of incorporation, company constitution, and Trust Deed on the Companies Office website at <http://www.business.govt.nz/companies>. Alternatively, investors may obtain copies of those documents by contacting the Ministry of Economic Development Business Service Centre on 0508 266 726. A fee may apply. Copies of the Trust Deed may be inspected without fee during normal office hours at the Wellington office of the Trustee. Copies of our certificate of incorporation, company constitution, latest audited financial statements, and any material contract referred to on page 20 of this Prospectus may be inspected without fee during normal office hours at our head office situated in Auckland.

CHAIRMAN'S MESSAGE



UDC PROSPECTUS NUMBER 65 DECEMBER 2011

Welcome to UDC's sixty fifth Prospectus. As newly appointed Independent Director and Chairman of the Board I am proud to present this document to you. My appointment follows the introduction of recent regulations designed to further protect investors and in line with this a second Independent Director, Paul Norris, has also been appointed to the Board of Directors. The remaining Board members are executives of ANZ National Bank Limited.

The landscape for the non-bank deposit takers sector has significantly changed over recent years and we are proud to report the business is performing well and profitably.

We continue to support New Zealanders and New Zealand businesses. Our focus remains firmly fixed on providing plant, equipment and vehicle finance. It is our knowledge and expertise in this area since 1938 that enables us to support our customers to invest, grow and be successful.

Our Standard & Poor's* Ratings Services credit rating of AA- is as strong as the major trading banks in New Zealand and we remain committed to employing best practice risk management policies.

So for investors who value our unique combination of strengths, investing with UDC represents a great opportunity to play a part in supporting New Zealand's growth.

Stuart McLauchlan
Chairman
UDC Finance Limited

Chris Cowell
Chief Executive Officer
UDC Finance Limited

*Credit ratings issued by Standard & Poor's Ratings Services are solely statements of opinion and not statements of fact or recommendation to purchase, hold or sell any securities or make any other investments decisions. Latest ratings can be found as www.standardandpoors.co.nz



The Directors
UDC Finance Limited
Level 6,
1 Victoria Street
WELLINGTON

15 December 2011

Dear Directors

INDEPENDENT AUDITOR'S REPORT

TO THE DIRECTORS OF UDC FINANCE LIMITED

As auditor of UDC Finance Limited ("the Company") we have prepared this report pursuant to clause 22 of Schedule 2 of the Securities Regulations 2009 for inclusion in the prospectus dated 15 December 2011.

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Company for the year ending 30 September 2011 on pages 32 to 57. On 9 December 2011, we expressed an unqualified audit opinion on those financial statements. A copy of that audit opinion is included in our Audit Opinion on pg 58 of this prospectus. The financial statements do not reflect the effects of events that occurred subsequent to the date of the report on those financial statements.

REPORT ON THE SUMMARY FINANCIAL STATEMENTS

The summary financial statements on pages 30 to 31 are derived from the audited financial statements of UDC Finance Limited for the years ended 30 September 2007, 2008, 2009, 2010 and 2011. We expressed an unmodified opinion on those financial statements in our audit reports for each of those years. The summary financial statements do not reflect the effects of events that occurred subsequent to the date of the report on those financial statements.

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

Directors' Responsibility for the Summary Financial Statements

The Directors are responsible for preparing a summary of the audited financial statements of the Company for the years ended 30 September 2007, 2008, 2009, 2010 and 2011 in accordance with clause 8 of Schedule 2 of the Securities Regulations 2009.

Auditor's Responsibility for the Summary Financial Statements

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with International Standards on Auditing (New Zealand) (ISA (NZ)) 810 Engagements to Report on Summary Financial Statements.

Opinion on the Summary Financial Statements

In our opinion, the amounts set out in the summary financial statements on pages 30 to 31 of this prospectus, derived from the audited financial statements of the Company for the years ended 30 September 2007, 2008, 2009, 2010 and 2011, as required by clause 8 of Schedule 2 of the Securities Regulations 2009:

- are consistent, in all material respects, with those financial statements; and
- have been correctly taken from the audited financial statements of the Company for the years ended 30 September 2007, 2008, 2009, 2010 and 2011.

REPORT ON THE RANKING OF SECURITIES

Directors' Responsibility for the Ranking of Securities

The Directors are responsible for the preparation and presentation of the details and amounts in respect of the ranking of securities of the Company as at 30 September 2011, in accordance with clause 13 of Schedule 2 of the Securities Regulations 2009.

Auditor's Responsibility for the Ranking of Securities

Our responsibility is to express an opinion on whether the amounts set out in the ranking of securities have been correctly taken from the audited financial statements of the Company as at 30 September 2011.

Opinion on the Ranking of Securities

In our opinion, the amounts set out in the ranking of securities on page 16 of this prospectus, have been correctly taken from the audited financial statements of UDC Finance Limited as at 30 September 2011.

OTHER MATTERS

Responsibility for Updating

We have no responsibility to update our opinion on any of the matters above for events and circumstances occurring after the date of this report.

Restriction on Use

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

Auditor's Consent

In accordance with regulation 18(1)(c)(ii) of the Securities Regulations 2009, we hereby give our consent to the inclusion of this report in the prospectus in the form in which it appears. We also confirm that we have not, before delivery of this prospectus, withdrawn our consent to the issue thereof.

15 December 2011
Auckland

The Directors
UDC Finance Limited
Level 6,
1 Victoria Street
WELLINGTON

15 December 2011

Dear Sirs

Clause 14(3) of the Second Schedule of the Securities Regulations 2009 requires us to confirm that the offer of Debenture Stock ("the Securities") set out in this Prospectus No. 65 complies with any relevant provisions of the Trust Deed. These provisions are those which:

- (i) Entitle UDC Finance Limited to constitute and issue under or with the benefit of the Trust Deed (as the case may be) the Securities offered in this Prospectus;
- (ii) Impose restrictions on the right of UDC Finance Limited to issue the Securities.

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

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

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

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

**Signed for and on behalf of
Trustees Executors Limited**



L. MORAN
Manager
Corporate Trust

OVERVIEW OF UDC FINANCE LIMITED



We were established in 1938 as a finance company to provide financial services to our customers. Our core business is asset finance. During the past 5 years, our principal business activities have included providing the products listed below.

- Secured investment products – help New Zealand investors and savers earn a competitive return.
- Asset finance products – including loans, leases and lines of credit – help New Zealand businesses buy or upgrade the vehicles, plant and equipment they need to grow and prosper.
- Motor vehicle finance products (one of our asset finance specialities) – supplied directly or through a network of approved dealers – help New Zealand consumers and businesses get the cars, trucks, vans and other motor vehicles they want.

For more information about us, visit www.udc.co.nz.

THE OFFER

This Prospectus relates to our offer for subscription of a maximum aggregate amount at any time of \$4,000,000,000 of First Ranking Security Stock issued at par.

The amount of First Ranking Security Stock equals the amount of deposits subscribed under this offer. Except in the case of the Dealer Reserve Account, the minimum deposit required for each subscription is \$5,000.

We offer the following Secured Investment products under this Prospectus:

Term Investment	A Term Investment is a secured term deposit with a tiered interest rate, fixed for the investment term. We offer a choice of deposit terms, interest rates, and interest payment options.
Capital Drawdown	A Capital Drawdown Investment is a secured term deposit with a tiered interest rate, fixed for the investment term. With a Capital Drawdown Investment, you may receive regular payments of both the principal invested and interest.
Telephone Call Account	A Telephone Call Account is a secured call deposit with a tiered interest rate. We offer flexible deposit and withdrawal terms for this type of account.
Dealer Reserve Account	A Dealer Reserve Account is a secured call deposit and is only available to dealers who have entered into certain underlying trading agreements with us.



CHOOSE THE TYPE OF SECURED INVESTMENT THAT SUITS YOU

Step 1: SELECT THE UDC SECURED INVESTMENT OPTION THAT BEST SUITS YOUR FINANCIAL GOALS

This Prospectus is intended to be of a general nature, does not take into account your financial situation or goals, and is not a personalised financial adviser service under the Financial Advisers Act 2008. It is recommended you seek advice from a financial adviser which takes into account your individual circumstances before you acquire a financial product.

If you need more information on these options, call our Investor Services team on **0800 652 832**. Alternatively, contact your financial adviser or an ANZ branch staff member.

On our website, www.udc.co.nz, you will find copies of:

- Our Investment Statement relating to this Prospectus;
- Investment application forms; and
- Our current Standard & Poor's credit report.

Or call us on **0800 652 832** and we will post you the documents you request. You can also pick up an application pack at your local ANZ branch or from your financial adviser.

At the date of this Prospectus, we do not intend to list any Secured Investments offered in this Prospectus on any Stock Exchange.

	SECURED TERM INVESTMENT		SECURED TELEPHONE CALL ACCOUNT
	Term Investment	Capital Drawdown	
Investment Amount ("Principal")	Minimum of \$5,000	Minimum of \$5,000	Minimum of \$5,000
Term of Investment ("Term")	From 1 month to 5 years	From 1 year to 5 years	Not applicable
Interest Rate ("Rate")	Fixed for Term - tiered structure	Fixed for Term - tiered structure	Variable Rate - tiered structure
Interest options and payment terms	<p>Monthly interest: interest earned will be paid on the first working day of the following month. Interest is pro-rated for a partial month.</p> <p>Quarterly interest: interest earned may be compounded or paid on the last day of March, June, September and December. Interest is pro-rated for a partial quarter.</p> <p>Annual interest: interest earned may be compounded or paid on the day before your investment anniversary date.</p> <p>Maturity interest: interest earned will be paid on the day before your maturity date.</p> <p>Your Principal is fixed for the Term and may not be withdrawn before maturity.</p>	<p>Monthly interest: interest earned will be compounded one month from the start of your investment and monthly thereafter.</p> <p>Quarterly interest: interest earned will be compounded one quarter from the start of your investment and quarterly thereafter.</p> <p>In your investment application you may choose to receive payments on your investment during the Term, provided you maintain a balance of \$5,000. Such payments will be paid on the next business day after the date we compound your interest. During the Term, you may choose to increase, decrease, or suspend such payments. However if you choose to increase those payments, we may apply a reduced Rate for the Term.</p>	<p>Interest is calculated on your daily balance and compounded on the last day of each calendar month.</p> <p>You may make minimum withdrawals or one-off deposits of \$500 at any time, provided you maintain a minimum balance of \$5,000.</p> <p>Regular deposits of any amount can be arranged by automatic payment.</p>
	<p>All payments of interest and Principal are made by direct credit to your nominated bank account. If the payment date falls on a non-working day, the payment will be made on the next working day.</p> <p>If you wish to re-invest or invest additional Principal during the Term, this will form a separate investment for the Term and corresponding Rate on offer at that time.</p>		
Fees	No fees		No fees
Tax	Interest earned on your investment is taxable. We will deduct resident withholding tax, non-resident withholding tax, or approved issuer levy (as applicable) from interest earned, then pay the balance to you.		

Step 2:

COMPLETE AND SIGN THE RELEVANT APPLICATION FORM

To apply, complete the relevant form in our application pack. You can download an application form from our website, www.udc.co.nz, or call us on **0800 652 832** and we will post you one. You can also pick up an application pack at your local ANZ branch or from your financial adviser.

Step 3:

LODGE YOUR APPLICATION AND FUNDS

Applications can be mailed directly to:

UDC Finance Limited
PO Box 91145
Victoria Street West
Auckland 1142

Alternatively, you may give your application to your broker or financial adviser to send to us.

To deposit your funds, you can choose from several options—please read ‘deposits made easy’ at the back of the application forms. If you pay by cheque, please make your cheque payable to ‘UDC Finance Limited’ and cross it ‘account payee only’. Please enclose the relevant identification documents with your application.

The Dealer Reserve Account is offered to dealers who have entered into certain underlying trading agreements with us. The Dealer Reserve Account is offered on the same terms as a Telephone Call Account, but the minimum investment amount required, if any, will be agreed between ourselves and the respective dealer under the terms of their trading agreement. Funds may not be deposited into the Dealer Reserve Account by automatic payment. If you need more information about the Dealer Reserve Account, call us on **0800 652 832**.

TERMS OF THE OFFER



Unless they are implied by law, all the terms of this offer (including the terms of the Secured Investments) are set out in this Prospectus.

FEES

We do not charge entry, exit, or management fees on our Secured Investments. However, if we do permit early redemption of a Secured Term Investment, we may lower the interest rate on your investment and deduct this interest adjustment from the balance payable to you.

INTEREST RATES

The interest rate for a Secured Investment varies, depending on the amount of money you wish to invest and the investment term you choose.

To find indicative interest rates, check our website, www.udc.co.nz, or call us on **0800 652 832**.

Secured Term Investment

We will fix the interest rate for the entire term at the start of your Secured Term Investment. To determine the applicable interest rate, we will consider:

- the amount of your investment;
- the term of your investment; and
- how often interest is paid.

Interest is calculated daily on the balance of your investment and may be paid or compounded monthly, quarterly, annually or deferred until maturity, according to the type of investment and payment option you choose. We will deduct resident withholding tax, non-resident withholding tax, or approved issuer levy (as applicable) from any interest earned.

Telephone Call Account and Dealer Reserve Account

Interest rates are not fixed and may vary day to day. Interest is calculated daily from the date your investment starts, and is compounded on a monthly basis. We will deduct resident withholding tax, non-resident withholding tax, or approved issuer levy (as applicable) from any interest earned.

The call interest rate is provided to you on condition that your investment remains above our required minimum balance of \$5,000. If your investment falls below the required minimum balance, then we will be entitled without notice to apply the On Demand Rate to your investment balance from that date until such time as you deposit sufficient additional funds to meet the required minimum balance.

INTEREST AND OTHER STATEMENTS

We will send you quarterly statements showing the balance of your Secured Investment and interest earned for the preceding period. We will send you an annual tax deduction certificate detailing the resident withholding tax or non-resident withholding tax (excluding approved issuer levy) that we have deducted from interest earned on your Secured Investment.

If you have a Dealer Reserve Account and have made account deposits or withdrawals during the month, we will send you a monthly statement itemising these transactions.

In addition, you can call us on **0800 652 832** and request, without charge, an interim statement of your Secured Investment.

ON MATURITY

Secured Term Investment

The maturity date for your Secured Term Investment will be the date on which your chosen investment term expires. You can advise us in writing how you would like to deal with your Secured Term Investment on its maturity, or we will advise you in writing of the pending maturity date and offer you the options listed below.

- You can reinvest your Secured Term Investment for a further term at the applicable interest rates available at that time.
- You can reinvest the principal amount of your Secured Term Investment, and have the accrued unpaid interest (less any deduction for resident withholding tax, non-resident withholding tax, or approved issuer levy, if applicable) paid to your nominated bank account.
- You can transfer your Secured Term Investment to another person or investment.
- You can reinvest part of your Secured Term Investment and have the remainder repaid.
- You can have the principal amount plus any accrued unpaid interest (less any deduction for resident withholding tax, non-resident withholding tax, or approved issuer levy, if applicable) repaid to your nominated bank account.

If you have not advised us of your preferred option by the maturity date, we will without notice apply the On Demand Rate to your investment balance from that date. If we do not receive your advice within one month following the maturity date, we will reinvest your investment balance (including accrued interest) on your behalf in a new Secured Term Investment. The new Secured Term Investment will have the closest available term with the same interest payment option as your matured Secured Term Investment, at the interest rate applicable on the reinvestment date.

If you choose on your application form to automatically reinvest your Secured Term Investment on the maturity date, we will automatically reinvest it for the same term at the interest rate applicable on the reinvestment date.

We will notify you when we reinvest your funds, confirming:

- the amount reinvested;
- the applicable interest rate; and
- the new maturity date and any change to our auto-reinvest conditions for the new investment term (if it has been reinvested into a Secured Term Investment).

We retain a residual power under our Trust Deed to (on prior arrangement with you) alter the terms of your Secured Term Investment, including:

- the maturity date;
- the applicable interest rate;
- the payment of a premium on the redemption of your Secured Term Investment; or
- any of the other terms and conditions of your Secured Term Investment.

Telephone Call Account and Dealer Reserve Account

We will repay investments in these accounts on demand, as long as the funds have been cleared. We may separately agree with you that we may deduct or set-off amounts from the Dealer Reserve Account to satisfy other obligations you have to us.

EARLY REPAYMENT

We set our fixed interest rates on the assumption that your invested funds will remain with us until the maturity date of your Secured Term Investment. For this reason you are not able to withdraw your invested funds prior to maturity. However, in certain circumstances, such as the death of the investor or financial hardship, we may consider written applications for early redemption. Please note that if we do permit early redemption, we have the right to lower the interest rate on your Secured Term Investment and deduct this interest adjustment from the balance payable to you.

TRANSFERRING YOUR SECURED TERM INVESTMENT

You can transfer your Secured Term Investment to another person, using the form in Schedule 1 of the Securities Transfer Act 1991. The transfer becomes valid when it is registered in accordance with our Trust Deed.

TAXATION

You should seek independent, professional tax advice tailored to your circumstances before investing.

The following is a general summary of the New Zealand tax implications of a Secured Investment. It does not deal with all relevant considerations and possible situations.

The interest earned from Secured Investments is taxable.

Under the tax law as at the date of this Prospectus, interest (including compounded interest) paid to all New Zealand tax residents is subject to RWT unless you provide us with a valid certificate of exemption. On the application form, you may elect an RWT rate when you provide us with your Inland Revenue Department (IRD) number. Your RWT rate should be determined by the amount of your taxable income.

If you are an individual or a trustee and you do not provide us with your IRD number and/or elect an RWT rate, we are obliged to deduct RWT at the highest RWT rate (currently 33%). If you are a company and you do not provide us with your IRD number, we are obliged to deduct RWT at the highest RWT rate (currently 33%). If you are a company that has provided us with your IRD number but you do not elect an RWT rate, we are obliged to deduct RWT at 28%.

Please visit the Inland Revenue's website, www.ird.govt.nz for further information on current RWT rates.

When you elect an RWT rate, that rate will only apply from the time that you notify us. A higher RWT rate may be applied until you notify us of your RWT rate election. If you elect a lower RWT rate than applies to you, you may have a tax liability at the end of the tax year (1 April – 31 March). If you elect a higher RWT rate than applies to you, you may be entitled to apply to the IRD to recover any overpaid RWT at the end of the tax year (1 April – 31 March).

If the IRD considers that you have elected an incorrect RWT rate, they may instruct us to apply another RWT rate. We must use the RWT rate provided by the IRD, unless you tell us to apply a different RWT rate.

If you are an overseas resident and you are not engaged in business in New Zealand through a fixed establishment in New Zealand, non-resident withholding tax will be deducted from the interest earned. The rate of non-resident withholding tax applied depends on your country of residence, and can be up to 15%.

If you are a non-resident, you can agree to have the cost of the approved issuer levy deducted, which is 2% of the interest paid or credited. In this case, we will deduct the approved issuer levy from the interest to be paid or credited to you and non-resident withholding tax will not be deducted. As a non-resident investor, you are required to provide us with your overseas address and where applicable, to complete an approved issuer levy application, which is available on request from us.

WITHHOLDING OF PAYMENTS

We may withhold payment of the principal and interest on your Secured Investment if legally required to do so.

SUMMARY OF THE TRUST DEED



Capitalised terms used in this section are defined in the glossary on page 28 or in the Trust Deed.

1. THE TRUST DEED

The Trust Deed between us, various of our then-related companies, and Trustees Executors Limited is dated 1 April 1998 (and as subsequently amended). Under the Trust Deed, we may issue any of the following types of debt securities:

- Money Market Secured Deposits;
- Stock; and
- Notes.

At the date of this Prospectus, we do not offer or have any Money Market Secured Deposits or Notes outstanding.

The Trust Deed provides for the concept of a Charging Group. However, at the date of this Prospectus, we are the only member of the Charging Group. Accordingly, references to 'our', 'us', or 'we' in this section may reflect references in the Trust Deed to the Charging Group.

2. DUTIES OF THE TRUSTEE

Under the Trust Deed, the Trustee acts as an independent Trustee for stockholders.

The Trustee owes to stockholders the duties listed below.

- (a) The Trustee oversees compliance with all of our covenants and obligations under and in accordance with the Trust Deed.
- (b) If the Charge becomes enforceable under the terms of the Trust Deed, the Trustee may at its discretion enforce that security in any of the ways provided in the Trust Deed. The Trustee must enforce security:

- at the request of any stockholder who holds First Ranking Security Stock equating to 2.5% or more in nominal value of the total amount of First Ranking Security Stock then outstanding;
- at the request of the holders of 20% or more of the Security Stock; or
- upon being directed to do so by an extraordinary resolution of the holders of First Ranking Security Stock.

Enforcing security includes taking possession of or selling our assets, and appointing a receiver.

- (c) The Trustee receives and considers the regular financial reports provided by us and our auditors.
- (d) The Trustee performs a number of functions relating to the operation and administration of the Trust Deed, and performs the statutory duties set out in the Securities Act 1978 and Securities Regulations 2009.

3. SECURITY

To secure repayment of all First Ranking Security Stock and Second Ranking Security Stock issued under the Trust Deed, we have granted the Charge over all our assets and undertaking in favour of the Trustee.

The fixed assets subject to the Charge granted by us to the Trustee comprise office equipment, IT equipment, leasehold improvements, and fixtures and fittings used by us to carry out our business activities. In addition, we have also charged to the Trustee our undertaking, which includes our net loans and advances, and our operating lease assets.

Our fixed assets are not subject to any other obligations in favour of any person that modify or restrict our ability to deal with the assets.



4. GUARANTEE

Under the Trust Deed, we have granted a guarantee in favour of the Trustee that we will perform our obligations under the Trust Deed, including repaying the First Ranking Security Stock that comprises the Secured Investments.

Our liabilities under the Trust Deed are not guaranteed by the Trustee, by ANZ, or by any other person. In particular, the Trustee does not guarantee to repay to you the principal or interest on your Secured Investment.

5. RANKING OF SECURITY STOCK

Under the Trust Deed, Security Stock (being Stock which is secured by the Charge) may be either First Ranking Security Stock or Second Ranking Security Stock. All First Ranking Security Stock ranks ahead of all Second Ranking Security Stock. Among themselves, holders of any one class of Secured Stock rank equally.

First Ranking Security Stock issued under this Prospectus will rank equally with all First Ranking Security Stock previously issued and still outstanding. At 30 September 2011, the total amount of First Ranking Security Stock was \$1,713,703,000.

Second Ranking Security Stock issued under this Prospectus (if any) will rank equally with all Second Ranking Security Stock previously issued and still outstanding. At 30 September 2011, no Second Ranking Security Stock was outstanding.

Money Market Secured Deposits will rank ahead of the Security Stock. At 30 September 2011, no Money Market Secured Deposits were outstanding.

As discussed under 'Prior charges' below, we have entered into a number of vehicle lease agreements, which rank ahead of the First Ranking Security Stock because they are purchase money security interests under the Personal Property Securities Act

1999. At 30 September 2011, the aggregate amount secured by such purchase money security interests was \$722,000.

6. PRIOR CHARGES

We agree not to allow any charge that would rank equally with or ahead of the charge we have granted to the Trustee, except as permitted by the Trust Deed. The Trust Deed permits the prior charges listed below.

- The Trust Deed permits any charge granted to finance the cost of buying, building, developing, or improving any property or asset, as long as the amount secured is not more than two-thirds of that cost, together with interest discounts and other financing charges and ancillary sums.
- The Trust Deed permits any charge granted before the date of the Trust Deed.
- The Trust Deed permits us to renew or extend the term, increase the interest rate, or vary or replace the provisions of any permitted prior charge, as long as the principal sum secured by the prior charge (or a prior charge given in replacement or renewal thereof) does not increase.
- The Trust Deed permits any charge granted to the Trustee to further secure Security Stock that ranks equally with the charges created by the Trust Deed.
- The Trust Deed permits any charge over a specifically charged asset to secure Money Market-Secured Deposits, as long as the book value of the specifically charged asset does not at any time exceed 125% of the value of the monies secured, and as long as the Charge is given for, and in the normal course of business of, a money market dealer, merchant bank or other financial intermediary carrying on similar business in New Zealand. Money Market-Secured Deposits are deposits or loans accepted by us at any time that are secured by such charges.



- The Trust Deed permits any charge that is a purchase money security interest we create in favour of a seller of goods to us, or a lease in favour of a lessor of goods to us, that does not in substance secure payment or performance of an obligation. In each case, the purchase money security interest must be created or provided for by a transaction that is in the ordinary course of business and for the purposes of carrying on the same.

Apart from operating leases in relation to cars for sales executives, there are no other prior charges at the date of this Prospectus. Apart from further purchase money security interests granted in the ordinary course of our business, we do not intend to create any such other prior charges during the term of this Prospectus.

In addition, any creditors with claims that are preferred by statute (such as employees' costs, certain taxes, and liquidator's costs) will rank ahead of your Secured Investment.

7. BORROWING RESTRICTIONS

There are no specific restrictions on our ability to borrow resulting from any undertaking given, or contract or deed entered into by us, other than a general covenant under the Trust Deed to carry on and conduct business in an efficient, prudent and business like manner.

8. RESTRICTIONS ON CHARGING GROUP MEMBERS

In the Trust Deed, we provide negative covenants, including that we will not, without the prior written consent of the Trustee:

- provide credit to or give guarantees, indemnities, or securities for the obligations of, any person, except in accordance with good commercial practice;

- dispose of any assets, or provide services to, purchase assets from, or accept services from a related party, other than in the ordinary course of business and for proper value;
- alter our business in any way that would result in our principal business ceasing to be that of a financial intermediary;
- sell or transfer (by a single transaction or a series of transactions, and whether related or not) the whole or any substantial part of our business (viewing such business as a single entity) except to a Charging Group Member;
- write up the value of any asset in our account books to a higher value than is acceptable to the auditors without qualification; or
- relocate our principal place of business outside New Zealand, or change our place of incorporation.

At the date of this Prospectus, there are no borrowing group members or Charging Group members other than ourselves.

9. ENFORCEMENT

The Trustee may enforce the Trust Deed if we do not comply with our obligations under the Trust Deed. The Trust Deed provides for various events of default, including if we:

- fail to pay any principal amount on the due date, or fail to pay interest within 14 days of the due date;
- create a charge over our assets (except as permitted by the Trust Deed) or default under the terms of any permitted charge;
- enter insolvency, distress or execution, arrangement or composition with creditors, receivership or dissolution;
- sell a major part of our assets without the consent of the Trustee, other than to another Charging Group Member;



- pay a dividend while principal or interest remains unpaid as a result of a default;
- cease or threaten to cease to carry on business;
- reduce or attempt to reduce our share capital without the written consent of the Trustee; or
- commit any other default which continues for more than 14 days after the Trustee notifies us of the default.

If any event of default occurs, the Trustee may, among other things, appoint a receiver and realise our assets.

10. FUTURE CHARGING GROUP MEMBERS

The Trust Deed provides in summary that, unless the Trustee otherwise agrees, any corporation that becomes our wholly-owned subsidiary must become a Charging Group Member.

11. STOCKHOLDER MEETINGS

We or the Trustee may call stockholder meetings at any time. The Trustee shall also call a stockholder meeting if it is requested by stockholders who hold at least 10% in nominal amount of all the securities or any class of securities. Likewise, the Trustee shall call a stockholder meeting if it is requested by any stockholder who holds First Ranking Security Stock of at least 2.5% in nominal amount of all the First Ranking Security Stock. Stockholders must be given 14 days' notice of a stockholder meeting.

Stakeholders may not transact business at a stockholder meeting without the required quorum. For holders of First Ranking Security Stock to pass an extraordinary resolution, the quorum is holders of First Ranking Security Stock present in person or by representatives who hold a majority in nominal amount of First Ranking Security Stock.

For holders of Second Ranking Security Stock to pass an extraordinary resolution, the quorum is holders of Second Ranking Security Stock present in person or by representatives who hold or represent a majority in nominal amount of Second Ranking Security Stock.

For any class of stockholders to transact any business at a meeting other than the passing of an extraordinary resolution of that class, the quorum is stockholders present in person, by proxy, by attorney, or by representatives who hold at least 10% in nominal amount of the stock of that class.

If a quorum is not present at any meeting and the meeting is adjourned, the stockholders present at the adjourned meeting shall be a quorum for the transaction of business, including the passing of extraordinary resolutions.

Any director, officer, or solicitor of the Trustee and any person authorised by the Trustee may attend the meeting and shall have the right to speak at the meeting. The Trustee will appoint a chairperson of the meeting. The chairperson may adjourn the meeting from time to time.



12. REPORTS TO TRUSTEE

Under the Securities Regulations 2009, we provide the Trustee with the reports listed below.

- Monthly management reports setting out our liquidity, the quality of our assets, our reinvestment rates and our compliance with financial covenants. These reports must be signed by two of our directors on behalf of our Board of Directors.
- Quarterly reports, which include resolutions from our directors that we have not breached the financial covenants of the Trust Deed. The quarterly reports also include certificates from our directors confirming certain financial information for that financial quarter and that we have not breached the provisions of the Trust Deed. Our directors also report quarterly to the Trustee on whether anything has occurred that materially and adversely affects the interests of investors, and certifying that the current Prospectus is up to date and is not materially false or misleading.
- Audited half-yearly financial statements and an annual report, which includes our audited financial statements for the year.

In addition to the above, the Trustee may also ask us to provide special reports if they think special circumstances warrant such a request.

13. FINANCIAL COVENANTS

Under the Trust Deed, we covenant that:

- the aggregate amount of shareholders' funds and uncalled capital will be at least \$40,000,000 at all times;

- the total book value of land and shares (other than in Charging Group members) we hold will not exceed 50% of shareholders' funds and uncalled capital, without the Trustee's consent;
- the principal monies owing on Security Stock will not exceed our total tangible assets less the book value of all assets specifically charged to secure the payment of Money Market-Secured Deposits;
- the aggregate of (1) the amount available under the Committed Credit Facility, (2) 70% of the total Securities (excluding Committed Credit Facility and any other bank loan facilities), and (3) Shareholders Funds will not, without the prior written consent of the Trustee, fall below 65% of the Total Tangible Assets;
- we shall maintain a minimum capital ratio of not less than 8%, as defined and calculated in accordance with Part 3 of the Deposit Takers (Credit Ratings, Capital Ratios, and Related Party Exposures) Regulations 2010 ("Regulations") as varied by the Deposit Takers (UDC Finance Limited) Exemption Notice 2010 ("Exemptions"); and
- we shall comply with the condition of the maximum limit on aggregate exposures to related parties specified in the Exemptions, as defined and calculated in accordance with Part 4 of the Regulations as varied by the Exemptions.

We review the minimum level of shareholders' funds and uncalled capital every two years, and may increase the minimum level by agreement with the Trustee. The Trustee may increase the minimum amount of shareholders' funds and uncalled capital if we cease to be a subsidiary of ANZ or any holding company of ANZ. Dealings between non-charging related companies are also restricted.

GENERAL INFORMATION



This section contains information that is required under the Securities Act 1978 and the Securities Regulations 2009, and is not contained elsewhere in this Prospectus.

SHAREHOLDERS AND SHAREHOLDERS' GUARANTEES

All of our issued share capital is held by ANZ. ANZ does not guarantee any of the Secured Investments offered or referred to in this Prospectus.

RESERVED SECURITIES

We do not reserve securities for any applicant, and have not given preference in allotment to any class of applicant.

MATERIAL CONTRACTS

We have entered into the following material contracts within the period two years preceding the date of this Prospectus:

- A Committed Facility Agreement dated 23 September 2010 between ANZ and UDC as subsequently amended by a Variation Agreement between ANZ and UDC dated 9 September 2011;
- A Deed of Amendment amending the Trust Deed dated 30 November 2010 between the Trustee and UDC; and
- A Deed of Amendment amending the Trust Deed dated 30 May 2011 between the Trustee and UDC.

A copy of these material contracts were delivered to the Registrar of Companies (together with this Prospectus and the written authority of any agent signing this Prospectus) under section 41 of the Securities Act 1978.

OTHER MATERIAL MATTERS

The Securities Act (Continuous Debt Issues) Exemption Notice 2002 and the Securities Act (Financial Institutions) Exemption Notice 2007 apply to this Prospectus.

FINANCIAL ADVISERS

Financial advisers (including share-brokers, accountants, solicitors, financial planners, and insurance advisers) do not act as our agents, and we are not responsible for money held by them or for their actions. Financial advisers are paid commission or brokerage in lieu of payment for the services they provide to us.



BROKERAGE

Investors do not pay brokerage. We pay brokerage to our financial advisers on terms agreed between us and the financial adviser from time to time. We calculate our standard brokerage rate for financial advisers on the nominal value of accepted Secured Investments or reinvestments, at an annualised rate up to 0.50% per annum. We pay this brokerage to financial advisers on successful applications bearing the stamp of a registered financial adviser. The financial adviser may decide to pass on all or part of its brokerage fee to the investor. Such arrangements are a matter between the financial adviser and the investor.

ISSUE EXPENSES

We estimate that the operating expenses of Secured Investments issued under this Prospectus are \$2,175,168. Operating expenses include all legal, accounting, marketing, and printing costs, brokerage paid to our investment advisers, and fees paid to the Trustee.

STATEMENT ON SUBSTANTIAL SECURITY HOLDERS

We have not issued a request for information under sections 28 and 29 of the Securities Markets Act 1988 because we are a wholly-owned subsidiary of ANZ. ANZ is the only substantial security holder.

FINANCIAL STATEMENT

Our latest financial statements for the year ended 30 September 2011 were registered under the Financial Reporting Act 1993 on 9 December 2011. We have included a copy of those statements (and a summary of those statements) in this Prospectus.

PENDING PROCEEDINGS

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

CORPORATE GOVERNANCE & RISK MANAGEMENT

CORPORATE GOVERNANCE

We are a wholly-owned subsidiary of ANZ and our Board of Directors meet at least four times a year.

Our Board of Directors delegate authorities to the Chief Executive Officer, who further delegates certain authorities to his senior staff, as set out in our delegations manual.

Our constitution does not impose any material modifications, exceptions or limitations on the powers of our Board of Directors.

The Board of Directors is subject to the usual limitations and restrictions imposed on its powers by the Companies Act 1993, which require shareholder approval in certain circumstances.

CREDIT RATING

Our creditworthiness is rated by a ratings agency approved by the Reserve Bank under section 157J of the Reserve Bank of New Zealand Act 1989. The approved ratings agency is Standard & Poor's Ratings Services.

Our current long-term Standard & Poor's Ratings Services credit rating is AA- with outlook stable. Standard & Poor's Ratings Services defines its AA- rating to mean the obligor 'has a very strong capacity to meet its financial commitments. It differs from the highest rated obligors only to a small degree.' According to Standard & Poor's Ratings Services, an outlook of 'stable' indicates that our credit rating is not likely to change.

We have held this credit rating since 1 December 2011. On 1 December 2011, the credit rating was downgraded by one notch from AA, along with the major trading banks in New Zealand. The reasons for the downgrade were described broadly by Standard & Poor's Ratings Services as a result of the application of their new criteria. Prior to this downgrade we held our AA credit rating since February 2007.

This is a local currency (New Zealand dollar) long-term issuer rating. This type of rating expresses an opinion about an issuer's overall capacity to meet its senior, unsecured financial obligations over a horizon which is not short-term.

Standard & Poor's Ratings Services bases this rating on an independent review and analysis, including a review of our ownership, management, and governance structures, our loan book, our credit quality, our level of diversification, our competencies, and our lending procedures.

Standard & Poor's Rating Services' ratings range from AAA (extremely strong) to D (in default). The table below sets out this scale, and the details of where we sit on that scale.

STANDARD & POOR'S RATINGS SCALE*

		Approximate probability of default (over 5 years)	
Investment Grade Ratings	AAA	Extremely Strong	1 in 600
	AA+	Very Strong	1 in 300
	AA		
	AA-		
UDC FINANCE	A+	Strong	1 in 150
	A		
	A-		
	BBB+	Adequate	1 in 30
BBB			
BBB-			
Speculative Grade Ratings	BB+	Less Vulnerable	1 in 10
	BB		
	BB-		
	B+	More Vulnerable	1 in 5
	B		
B-	Currently Vulnerable	1 in 2	
CCC+			
CCC-			
	CC	Currently Highly Vulnerable	
	D	In Default	

* Taken from Reserve Bank of New Zealand: Bulletin, Vol. 71, No 3, September 2008.

Credit ratings are statements of opinion issued by Standard & Poor's Ratings Services. A credit rating is not a statement of fact, an endorsement of the rated entity, or a recommendation to buy, hold, or sell securities. Further information is available on the website of Standard & Poor's Ratings Services at www.standardandpoors.com



RISK MANAGEMENT

Risk management is integral to the way we do business. We maintain a range of internal corporate governance procedures and risk management strategies and protocols to ensure that risks are actively managed and to the extent possible, mitigated. Our Board of Directors and management team are committed to ensuring the highest levels of corporate governance are maintained. This section summarises our key corporate governance and risk management strategies. Our Risk Management Programme sets out our framework for managing risk. Our Risk Committee manages our credit and operational risk. The Risk Committee meets at least six times a year and is made up of:

- the Chief Executive Officer;
- the Heads of Risk, Technology, and Operations;
- the Senior Finance Manager;
- the Senior Credit Manager;
- the Operational Risk and Compliance Manager,
- the Head of Lending Support,
- the Head of Wholesale Risk,
- the ANZ Head of Commercial Credit; and
- the ANZ Legal Counsel (as required).

According to the Risk Committee's terms of reference, the committee is a forum to be aware of, monitor, and debate all significant risk issues we may face in relation to credit, liquidity, operational, technology, and compliance risks, while providing oversight and executive level support to the management team. The Risk Committee must approve changes to policy or process that have a material impact on credit or operational risk.

As an investor, the principal risks you could face are that we become insolvent or we fail to manage our liquidity. Insolvency risk is the risk that we become insolvent and do not have enough assets to meet all our liabilities. Insolvency might mean that you are not able to recover all or part of the returns on your Secured Investment (i.e. the principal amount of your deposit and accrued unpaid interest). You will not be liable to pay us any additional money in relation to your Secured Investment if we become insolvent. Liquidity risk is the risk that we are not able to raise enough cash at short notice to meet our debts as they fall due, including repaying Secured Investments as they mature.

The principal risks we face that could lead to our insolvency broadly fall into four categories – financial risk, operational risk, economic and regulatory risk, and related party risk. We discuss these in more detail below.

(A) FINANCIAL RISK

(i) Credit Risk:

Our core business is asset financing. We lend the money you invest in our Secured Investments, primarily to finance assets such as vehicles, plant, machinery, IT and telecommunications equipment, agricultural equipment, forestry equipment, light and heavy industrial equipment, printing equipment, aircraft and boats, and other plant and equipment. We are therefore exposed to credit risks that:

- our borrowing customers default on their repayment and other obligations owed to us;
- the realisable value of security that we have taken to secure such obligations is not enough to repay amounts owing to us; and
- a guarantor is unable or does not have enough assets to meet the obligations of the principal debtor to us.



We reduce these credit risks by following established credit methodology and policies. All applications for credit are assessed and recorded in writing, and we use our internal credit policy and statistical risk-rating tools to assess each application.

At the heart of our credit policy are 'the 5 C's of credit':

- capacity (whether a borrower is able to repay the finance);
- character (whether a borrower is willing to repay the finance);
- conditions (the conditions and stability of the industry in which a borrower operates);
- capital (how much of a borrower's capital is at risk in the transaction); and
- collateral (if a borrower is unable to repay the finance, what recourse we have by way of security or guarantees).

We use these five qualities to determine the value of assets, the creditworthiness of a borrower, and the extent of appropriate financing.

We use credit risk-rating tools to help assess credit applications. These tools use sophisticated statistical techniques to determine creditworthiness, and comply with the rigorous standards prescribed in the Basel II banking accords. Further information can be obtained from www.udc.co.nz

We require the assets we finance to be fully insured and our interest must be noted on the insurance certificate. Borrowers must notify us when their insurance policies lapse.

For each borrower, we will decide (based on our credit assessment of the borrower) whether we require a guarantor. We do not require guarantees for all credit applications.

We monitor changing credit risk, and our Risk Committee is given monthly reports on portfolio credit risk rating, high-risk accounts, and delinquencies.

We also have a robust framework for dealing with delinquent, high-risk, or impaired loans. Our collections team actively manages delinquent loans under \$250,000, while high-risk or impaired loans over \$250,000 are managed by our Asset Management and Recoveries teams. The Asset Management and Recoveries teams work with customers to manage our risk and maximise returns. External solicitors, accountants, insolvency firms, and collections agencies provide specialist advice and services if we need them.

We are also exposed to credit risk on our deposits. ANZ Treasury (as our agent) makes these deposits with ANZ.

(ii) Liquidity Risk:

Liquidity risk is the risk that we are not able to raise enough cash at short notice to meet our debts as they fall due, including repaying Secured Investments as they mature.

We closely monitor and forecast our liquidity risk. We also maintain a number of banking facilities with ANZ including an \$NZ 800,000,000 committed facility to assist in managing our liquidity profile. This facility has a two year term and the current facility expires on 30 September 2013. We have the option to extend the term of the facility subject to agreement with ANZ.

(iii) Interest Rate Risk:

Interest rate risk is the risk associated with fluctuations in interest rates. For example, we may be exposed to an interest rate risk if there is a mismatch between the fixed interest rates we offer investors and the interest rates we charge to borrowers.

We closely monitor and forecast changes in interest rates. ANZ regularly informs us of current and forecast changes to market interest rates. For more details, refer to page 52, note 19 – Interest Rate Risk.

(B) OPERATIONAL RISK

Operational risks are risks that we are exposed to as part of conducting our business. Operational risk includes risks associated with:

- failures in internal processes and procedures;
- fraud;
- litigation;
- disruption to business caused by industrial disputes;
- competition;
- systems failures;
- pandemics;
- natural disasters; and
- other unforeseen external events that affect our business operations.

We have sound policies and procedures for managing risk. These policies and procedures follow applicable ANZ policies and comply with the requirements laid out in the Basel II banking accords. Our policies include a comprehensive Business Continuity Plan to minimise the effect of any interruption to business that affects personnel, premises, or technology. As part of the plan, we have processes for keeping key elements of the IT infrastructure working, and we have an alternative operating site.

Our Risk Committee monitors and manages our exposure to operational risk.



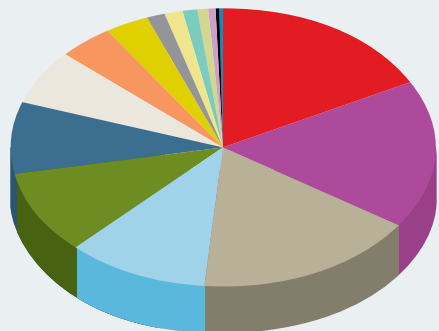
(C) ECONOMIC AND REGULATORY RISK

(i) Economic Risk:

An economic downturn might expose us to risk, particularly if it negatively affected industries to which we have extended considerable credit. To reduce this risk, we keep our lending portfolio diverse in terms of assets financed, and the regions and industries in which our customers are active.

At 30 September 2011, our diversified lending portfolio was split between the following industries:

UDC INDUSTRY DIVERSIFICATION



Transport and storage	17.49%
Agriculture, forestry and fishing	17.20%
Personal and other services	16.76%
Retail and wholesale	10.87%
Construction	9.82%
Manufacturing	8.14%
Business services	6.39%
Education	4.20%
Finance, investment and insurance	3.34%
Entertainment, leisure and tourism	1.52%
Health and community services	1.30%
Communications	1.22%
Mining	0.66%
Accommodation, cafes and restaurants	0.55%
Government administration and defence	0.32%
Electricity, gas and water	0.22%

We monitor how these industries are performing, and our Risk Committee monitors the concentration of risk in particular industries. We actively manage accounts in sectors suffering economic downturn.

(ii) Regulatory Risk:

A change in the regulatory environment in which we operate may expose us to risk and/or increased compliance costs. We closely monitor our regulatory environment, and we are in contact with our industry regulators.

We are a deposit taker for the purposes of the Non Bank Deposit Taker Regime implemented under the Reserve Bank of New Zealand Amendment Act 2008.

As a deposit taker, we are required to comply with certain requirements under the Non Bank Deposit Taker Regime. These requirements include:

- having a risk management programme;
- having an independent credit rating;
- meeting minimum capital requirements;
- limiting related-party exposures;
- meeting governance requirements; and
- meeting liquidity requirements.

The Reserve Bank has granted us part exemptions from the minimum capital and related-party exposure requirements. These exemptions apply from 1 June 2011 until the close of 1 December 2015, and provide that:

- our total exposure to related parties may be up to and including 75% of our capital; and
- we may use ANZ's capital calculation model approved by the Reserve Bank, for the purposes of calculating our risk-weighted amount for credit risk purposes.



The Reserve Bank has granted us these part exemptions on the basis that we are already subject to regulation as a consequence of being owned by ANZ, a registered bank regulated by the Reserve Bank.

(D) RELATED PARTY RISK

Our cash deposits are held from time to time by ANZ Treasury as our agent pursuant to an agency agreement dated 23 September 2000 (as subsequently amended). The aggregate amount of those cash deposits as at 30 September 2011 was \$57,532,000. Though we remain the legal owner of those cash deposits, they are exposed to the credit risk of ANZ meaning that if ANZ became insolvent, those amounts may not be repaid. In addition, as ANZ is our sole shareholder, we could also be at risk if ANZ were to become insolvent. ANZ is a registered bank, and as such is regulated by the Reserve Bank. ANZ is subject to (amongst other matters) capital adequacy requirements and also has an AA- long-term credit rating from Standard & Poor's.

GLOSSARY

The following is a summary of terms used in this Prospectus.

ANZ means ANZ National Bank Limited.

Charge includes a mortgage, charge, lien, or pledge (including a floating charge).

First Ranking Security Stock means all first ranking Stock issued as such under the Trust Deed. It includes the Stock issued as Secured Investments.

IRD means the Inland Revenue Department.

Investment Statement means the Investment Statement in relation to the Secured Term Investments.

Money Market Secured Deposits means the money market-secured deposits that we may accept under the Trust Deed.

Notes means any unsecured notes, and all other securities that may be issued under the Trust Deed that are not secured by the Charge.

On Demand Rate means the daily interest rate applied to an investment balance in certain situations referred to in this Prospectus, in particular, where an investment balance falls below the minimum required balance and/or where we have not received instructions prior to maturity of a Secured Term Investment. The On Demand Rate is lower than the call interest rate provided to Telephone Call Investors, and details of our On Demand Rate from time to time are available by contacting us on 0800 652 832.

Reserve Bank means the Reserve Bank of New Zealand.

RWT means resident withholding tax under the Income Tax Act 2007.

Second Ranking Security Stock means all second ranking Stock issued as such under the Trust Deed and ranking behind the First Ranking Security Stock.

Secured Investment means the Term Investment, the Capital Drawdown Investment, the Telephone Call Account and the Dealer Reserve Account.

Secured Term Investment means the Term Investment and the Capital Drawdown Investment.

Security Stock includes First Ranking Security Stock and Second Ranking Security Stock, unless the context otherwise requires.

Stock is a collective term used in the Trust Deed to describe all the types of secured securities covered by the Trust Deed (but does not include Money Market Secured Deposits). It includes the First Ranking Security Stock issued in respect of our Secured Investments.

Trust Deed refers to a document titled “Debenture Stock and Unsecured Notes Trust Deed”, dated 1 April 1998 (as amended on 17 March 2006, and as further amended). This deed combined and restated two previous trust deeds (and incorporated amendments in amendment and supplemental deeds); the first entered into by us and the Trustee on 3 September 1974 (as amended from time to time), which governed secured registered debenture stock, and the second, a further trust deed entered into by the same parties on 5 February 1979 (as amended from time to time), which governed unsecured notes.

Trustee means Trustees Executors Limited.

UDC Finance Limited is referred to, in this document, as ‘UDC’, ‘us’, ‘we’, or ‘our’, as the context requires.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2011

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SUMMARY FINANCIAL STATEMENTS

	Year to 30/09/2011 \$000	Year to 30/09/2010 \$000	Year to 30/09/2009 \$000	Year to 30/09/2008 \$000	Year to 30/09/2007 \$000
Summary Statement of Comprehensive Income					
Continuing operations					
Interest income	182,683	175,873	197,700	232,681	222,620
Interest expense	105,897	98,600	130,187	147,146	143,600
Net interest income	76,786	77,273	67,513	85,535	79,020
Other operating income	772	2,025	1,500	423	2,881
Operating income	77,558	79,298	69,013	85,958	81,901
Operating expenses	31,176	34,286	34,989	34,910	33,738
Profit before provision for credit impairment and income tax	46,382	45,012	34,024	51,048	48,163
Provision for credit impairment	4,891	17,343	35,462	21,981	(945)
Profit before income tax	41,491	27,669	(1,438)	29,067	49,108
Income tax expense	12,590	9,500	(440)	9,528	17,710
Profit after income tax from continuing operations¹	28,901	18,169	(998)	19,539	31,398
Profit from discontinued operations (net of income tax)	-	-	3,686	8,696	112,115
Profit after income tax	28,901	18,169	2,688	28,235	143,513
Summary Statement of Changes in Equity					
Opening equity	250,043	231,874	229,186	200,951	157,438
Total comprehensive income	28,901	18,169	2,688	28,235	143,513
Distribution of dividends	-	-	-	-	(100,000)
Closing equity	278,944	250,043	231,874	229,186	200,951
Represented by:					
Share capital	20,752	20,752	20,752	20,752	20,752
Retained earnings	258,192	229,291	211,122	208,434	180,199
Summary Statement of Financial Position					
Assets					
Short-term deposits with ANZ National	57,532	135,518	27,196	22,733	217,529
Loans and advances	1,948,522	1,968,771	1,829,156	1,990,456	1,821,565
Other assets	980	6,888	2,985	5,610	13,514
Deferred tax assets	12,886	15,057	16,837	12,495	11,114
Other non-current assets	1,563	1,197	1,404	1,965	2,835
Total assets	2,021,483	2,127,431	1,877,578	2,033,259	2,066,557
Liabilities					
Borrowings	1,688,222	1,828,310	1,586,705	1,733,723	1,786,268
Payables and other liabilities	42,029	41,130	54,159	53,801	47,389
Current income tax liabilities	11,318	6,922	3,654	11,518	18,359
Provisions	970	1,026	1,186	5,031	13,590
Total liabilities	1,742,539	1,877,388	1,645,704	1,804,073	1,865,606
Equity					
Total equity	278,944	250,043	231,874	229,186	200,951
Summary Statement of Cash Flows					
Net cash flows provided by/(used in) operating activities	63,164	(132,459)	151,501	(142,215)	242,254
Net cash flows provided by/(used in) investing activities	(1,062)	(824)	(20)	(36)	146,053
Net cash flows provided by/(used in) financing activities	(140,088)	241,605	(147,018)	(52,545)	(391,123)
Net decrease in cash and cash equivalents	(77,986)	108,322	4,463	(194,796)	(2,816)
Cash and cash equivalents at beginning of the year	135,518	27,196	22,733	217,529	220,345
Cash and cash equivalents at end of the year	57,532	135,518	27,196	22,733	217,529

¹ Profit after income tax from discontinued operations relates to the release of provisions provided for in relation to the sale of Truck Leasing Limited. The final remaining provision was released in the 2009 financial year as there was no longer any expectation of future payments being required.

NOTES TO THE SUMMARY FINANCIAL STATEMENTS

The information contained in the summary financial statements has been extracted from UDC Finance Limited's (the "Company") full audited financial statements for the year ended 30 September 2011, and preceding four consecutive financial years ending 30 September. The Company's full audited financial statements were prepared in accordance with New Zealand Generally Accepted Accounting Practice and complied with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS"), as appropriate to profit-orientated entities. The full audited financial statements contain an explicit and unreserved statement of compliance with International Financial Reporting Standards. The full financial statements of the Company for the years ending 30 September 2011 and the preceding four consecutive financial years ending 30 September were authorised for issue by the Directors of the Company on 9 December 2011, 6 December 2010, 11 December 2009, 10 December 2008, and 16 November 2007 and unmodified audit reports were issued on the same dates.

The information in the summary financial statements has been prepared in accordance with FRS 43 Summary Financial Statements, subject to clause 8(4) of Schedule 2 of the Securities Regulations 2009. The summary financial statements were authorised for issue by the Directors of the Company on 9 December 2011.

Amounts contained in the summary financial statements are presented in thousands of New Zealand dollars. Certain prior period comparatives have been amended to reflect current period presentation.

Because of their summary nature, these summary financial statements cannot provide a complete understanding of the Company's financial position and results as provided by the full financial statements.

The full financial statements are included in the prospectus (pages 32 to 57) and can also be obtained from the Companies Office (www.business.govt.nz/companies).

GENERAL DISCLOSURES

Incorporation

UDC Finance Limited (the 'Company') was incorporated in New Zealand on 1 April 1938 under the Companies Act 1933. It was re-registered under the Companies Act 1993 on 23 June 1997.

Registered Office

The registered office of the Company is Level 6, 1 Victoria Street, Wellington.

Principal Place of Business

The principal place of business of the Company is Level 2, 107 Carlton Gore Road, Newmarket, Auckland.

Nature of Operations and Principal Activities

The Company is a New Zealand based finance company specialising in lending and investments.

The Company provides "asset-based" finance for plant, vehicles and equipment. The Company also offers a range of investment products such as secured term investments and call accounts.

Trustee of the Debenture Stock and Unsecured Notes Trust Deed

Trustees Executors Limited, Level 5, 10 Customhouse Quay, Wellington.

Parent Company

The Parent Company is ANZ National Bank Limited, which is incorporated in New Zealand. The Ultimate Parent Company is Australia and New Zealand Banking Group Limited, which is incorporated in Australia.

Directors Statement

The Financial Reporting Act 1993 requires financial statements to be prepared for UDC Finance Limited for each financial year which give a true and fair view of the financial position and of the financial performance for that period.

The Directors of UDC Finance Limited believe that, in preparing these financial statements, the officers of the Company have:

- selected suitable accounting policies that comply with New Zealand Generally Accepted Accounting Practice ("NZ GAAP") and applied them consistently;
- made judgements and estimates that are reasonable and prudent; and
- followed all applicable accounting standards, with no material departures.

The Directors confirm that accounting records have been kept that will at any time enable the financial position of the Company to be determined with reasonable accuracy and will enable the Directors to ensure that the financial statements comply with the Financial Reporting Act 1993.

Based on the above, the Board of Directors of the Company approve these financial statements for the year ended 30 September 2011.

For and on behalf of the Board of Directors



Stuart McLauchlan
9 December 2011



Richard Wilks
9 December 2011

STATEMENT OF COMPREHENSIVE INCOME

	Note	Year to 30/09/2011 \$000	Year to 30/09/2010 \$000
Interest income	3	182,683	175,873
Interest expense	4	105,897	98,600
Net interest income		76,786	77,273
Other operating income	3	772	2,025
Operating income		77,558	79,298
Operating expenses	4	31,176	34,286
Profit before provision for credit impairment and income tax		46,382	45,012
Provision for credit impairment	9	4,891	17,343
Profit before income tax		41,491	27,669
Income tax expense	5	12,590	9,500
Profit after income tax		28,901	18,169
Total comprehensive income for the year		28,901	18,169

STATEMENT OF CHANGES IN EQUITY

	Note	Year to 30/09/2011 \$000	Year to 30/09/2010 \$000
Ordinary share capital			
Balance at beginning and end of the year	18	20,752	20,752
Retained profits			
Balance at beginning of the year		229,291	211,122
Profit after income tax		28,901	18,169
Total comprehensive income for the year		28,901	18,169
Balance at end of the year		258,192	229,291
Total equity			
Balance at beginning of the year		250,043	231,874
Total comprehensive income for the year		28,901	18,169
Balance at end of the year		278,944	250,043

The notes to the financial statements form part of and should be read in conjunction with these financial statements.

STATEMENT OF FINANCIAL POSITION

	Note	30/09/2011 \$000	30/09/2010 \$000
Assets			
Short-term deposits with ANZ National		57,532	135,518
Loans and advances	7	1,948,522	1,968,771
Other assets	10	980	6,888
Deferred tax assets	11	12,886	15,057
Intangible assets	12	1,563	1,197
Total assets		2,021,483	2,127,431
Liabilities			
Borrowings	13	1,688,222	1,828,310
Payables and other liabilities	14	42,029	41,130
Current income tax liabilities		11,318	6,922
Provisions	15	970	1,026
Total liabilities		1,742,539	1,877,388
Net assets		278,944	250,043
Equity			
Ordinary share capital	18	20,752	20,752
Retained profits		258,192	229,291
Total equity		278,944	250,043

STATEMENT OF CASH FLOWS

	Note	Year to 30/09/2011 \$000	Year to 30/09/2010 \$000
Cash flows from operating activities			
Interest received		179,857	176,956
Other income		772	2,025
Interest paid		(104,195)	(108,105)
Operating expenses paid		(32,250)	(33,957)
Income taxes paid		(6,023)	(4,452)
		38,161	32,467
Changes in operating assets and liabilities			
Net change in loans and advances		18,232	(158,163)
Net change in other assets		5,838	(3,737)
Net change in payables and other liabilities		933	(3,026)
Net cash flows provided by/(used in) operating activities	21	63,164	(132,459)
Cash flows from investing activities			
Expenditure on intangible assets		(1,062)	(813)
Purchase of leasehold improvements and equipment		-	(11)
Net cash flows used in investing activities		(1,062)	(824)
Cash flows from financing activities			
Net increase/(decrease) in borrowings		(140,088)	241,605
Net cash flows provided by/(used in) financing activities		(140,088)	241,605
Net cash flows provided by/(used in) operating activities		63,164	(132,459)
Net cash flows used in investing activities		(1,062)	(824)
Net cash flows provided by/(used in) financing activities		(140,088)	241,605
Net increase/(decrease) in cash and cash equivalents		(77,986)	108,322
Cash and cash equivalents at beginning of the year		135,518	27,196
Cash and cash equivalents at end of the year		57,532	135,518

The notes to the financial statements form part of and should be read in conjunction with these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

A. BASIS OF PREPARATION

(i) Statement of compliance

These financial statements have been prepared in accordance with the requirements of the Companies Act 1993, the Financial Reporting Act 1993 and the Securities Act 1978 and are for UDC Finance Limited (the "Company"). The Company is a wholly owned subsidiary of ANZ National Bank Limited ("ANZ National").

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

The principal accounting policies adopted in the preparation of these financial statements are set out below.

(ii) Use of estimates and assumptions

The preparation of the financial statements requires the use of management judgement, estimates and assumptions that affect reported amounts and the application of policies. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable. Actual results may differ from these estimates. Discussion of the critical accounting treatments, which include complex or subjective decisions or assessments, are covered in Note 2. Such estimates may require review in future periods.

(iii) Measurement base

The financial statements have been prepared on a going concern basis in accordance with historical cost concepts, except for derivative financial instruments which are stated at their fair value.

(iv) Changes in accounting policies and adopting of new accounting standards

There have been no changes in accounting policies or new standards adopted during this financial year.

(v) Rounding and comparatives

The amounts contained in the financial statements have been rounded to the nearest thousand dollars, unless otherwise stated. Certain comparatives have been amended to match current period presentation.

(vi) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The Company's financial statements are presented in New Zealand dollars, which is the Company's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities resulting from foreign currency transactions are subsequently translated at the spot rate at reporting date.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different to those at which they were initially recognised or included in a previous financial report, are recognised in the Statement of Comprehensive Income in the period in which they arise.

Translation differences on non-monetary items, such as derivatives, measured at fair value through profit or loss are reported as part of the fair value gain or loss on these items.

B. INCOME RECOGNITION

Income is recognised to the extent that it is probable that economic benefits will flow to the Company and that revenue can be reliably measured.

(i) Interest income

Interest income is recognised as it accrues, using the effective interest method.

The effective interest method calculates the amortised cost of a financial asset or financial liability and allocates the interest income or interest expense, including any fees and directly related transaction costs that are an integral part of the effective interest rate, over the expected life of the financial asset or liability so as to achieve a constant yield on the financial asset or liability.

For assets subject to prepayment, expected life is determined on the basis of the historical behaviour of the particular asset portfolio, taking into account contractual obligations and prepayment experience assessed on a regular basis.

(ii) Fee and commission income

Fees and commissions received that are integral to the effective interest rate of a financial asset are recognised using the effective interest method. For example, loan commitment fees, together with related direct costs, are deferred and recognised as an adjustment to the effective interest rate on a loan once drawn. Commitment fees to originate a loan which is unlikely to be drawn down are recognised as fee income as the service is provided.

Fees and commissions that relate to the execution of a significant act are recognised when the significant act has been completed.

Fees charged for providing ongoing services (for example, maintaining and administering existing facilities) are recognised as income over the period the service is provided.

(iii) Leasing income

Finance income on finance leases is recognised on a basis that reflects a constant periodic return on the net investment in the finance lease.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

C. EXPENSE RECOGNITION

Expenses are recognised in the Statement of Comprehensive Income on an accruals basis.

(i) Interest expense

Interest expense on financial liabilities measured at amortised cost is recognised in the Statement of Comprehensive Income as it accrues using the effective interest method.

(ii) Loan origination expenses

Certain loan origination expenses are an integral part of the effective interest rate of a financial asset measured at amortised cost. These loan origination expenses include:

- fees and commissions payable to brokers in respect of originating lending business; and
- other expenses of originating lending business, such as external legal costs and valuation fees, provided these are direct and incremental costs related to the issue of a financial asset.

Such loan origination expenses are initially recognised as part of the cost of acquiring the financial asset and amortised as part of the expected yield of the financial asset over its expected life using the effective interest method.

(iii) Lease payments

Leases entered into by the Company as lessee are predominantly operating leases, and the operating lease payments are recognised as an expense on a straight-line basis over the lease term.

D. INCOME TAX

(i) Income tax expense

Income tax on earnings for the year comprises current and deferred tax. It is recognised in the Statement of Comprehensive Income as tax expense, except when it relates to items credited directly to equity or other comprehensive income in, which case it is recorded in equity or other comprehensive income.

(ii) Current tax

Current tax is the expected tax payable on taxable income, based on tax rates and tax laws which are enacted or substantively enacted by the reporting date, including any adjustment for tax payable in previous periods. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

(iii) Deferred tax

Deferred tax is accounted for using the comprehensive tax balance sheet method. It is generated by temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax base.

Deferred tax assets, including those related to the tax effects of income tax losses and credits available to be carried forward, are recognised only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences or unused tax losses and credits can be utilised.

Deferred tax liabilities are recognised for all taxable temporary differences, other than those relating to taxable temporary differences arising from goodwill.

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

(iv) Offsetting

Current and deferred tax assets and liabilities are offset only to the extent that they relate to income taxes imposed by the same taxation authority, there is a legal right and intention to settle on a net basis and it is allowed under the tax law.

E. ASSETS

Financial assets

(i) Derivative financial instruments

Derivative financial instruments are contracts whose value is derived from one or more underlying price index or other variables, such as forward rate agreements.

Derivative financial instruments are entered into for customer-related reasons or for hedging purposes (where the derivative instruments are used to hedge the Company's exposures to currency risk).

Derivative financial instruments are recognised initially at fair value upon initial recognition with gains or losses from subsequent measurement at fair value being recognised in the Statement of Comprehensive Income. Fair values are obtained from quoted prices or recent transactions in active markets.

(ii) Loans and advances

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money to a debtor with no intention of trading the loans and advances. The loans and advances are initially recognised at fair value plus transaction costs that are directly attributable to the issue of the loan or advance. They are subsequently measured at amortised cost using the effective interest method less any impairment loss.

Loans and advances include: direct finance provided to customers such as current accounts; term loans; finance lease receivables; and hire purchase finance.

All loans are graded according to the level of credit risk. Loans are classified as either productive, renegotiated, restructured, past due or impaired.

Impaired assets include individually impaired assets and restructured loans. Individually impaired assets include loans where there is doubt as to full recovery. An individual provision is raised to cover the expected loss where full recovery of principal is doubtful.

Restructured loans are impaired assets for which the terms have been changed to grant the counterparty a concession that would not otherwise have been available, due to the counterparty's difficulty in complying with the original terms, and where the

NOTES TO THE FINANCIAL STATEMENTS (Continued)

yield on the asset following restructuring is still above the Company's cost of funds.

Renegotiated loans are loans that would otherwise be past due or impaired had their terms not been renegotiated.

Past due assets are any loans where the counterparty has failed to make a payment when contractually due, and which is not an individually impaired asset. A 90 days past due asset is any past due asset which has not been operated within the loan's key terms for at least 90 days.

Impairment of loans and advances

Loans and advances are regularly reviewed for impairment. Credit impairment provisions are 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 (or on a portfolio basis for small value loans) 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 provision is 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 such as changed economic conditions.

The estimated individual impairment losses are measured as the difference between the asset's carrying amount and the estimated future cash flows discounted to their present value. As this discount unwinds during the period between recognition of impairment and recovery of the cash flow, it is recognised in 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 provision for impairment loss (individual and collective) is deducted from loans and advances in the Statement of Financial Position and the movement 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 provision for loan impairment. Subsequent recoveries of amounts previously written off are taken to the Statement of Comprehensive Income.

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.

A provision is also raised for off-balance sheet items such as commitments that are considered likely to result in an expected loss.

(iii) Finance lease receivables

Contracts to lease assets and hire purchase agreements are classified as finance leases if they transfer substantially all the risks and rewards of ownership of the asset to the customer or an unrelated third party.

The gross amount of contractual payments expected from customers is recorded as gross lease receivables and the unearned interest component is recognised as income yet to mature.

The finance lease receivables are initially recognised at amounts equal to the present value of the minimum lease payments plus the present value of any unguaranteed residual value expected to accrue at the end of the lease term. Finance lease payments are allocated between interest revenue and a reduction in the lease receivable over the term of the finance lease, reflecting a constant periodic rate of return on the net investment outstanding in respect of the lease.

Non-financial assets

(iv) Other intangible assets

Other intangible assets include costs incurred in acquiring and building software and computer systems ("software"). Software is amortised using the straight-line method over its expected useful life to the Company. The period of amortisation is between 3 and 5 years.

At each reporting date, the software assets are reviewed for indicators of impairment. If any such indication exists, the recoverable amount of the assets are estimated and compared against the existing carrying value. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Where the existing carrying value exceeds the recoverable amount, the difference is charged to the Statement of Comprehensive Income.

Costs incurred in planning or evaluating software proposals, or in maintaining systems after implementation, are not capitalised.

F. LIABILITIES

Financial liabilities

(i) Borrowings

Borrowings include interest bearing deposits, debentures, and other related interest bearing financial instruments. They are measured at amortised cost. The interest expense is recognised using the effective interest rate method.

(ii) Derecognition

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Non-financial liabilities

(iii) Employee benefits

Leave benefits

The amounts expected to be paid in respect of employees' entitlements to annual leave are accrued at expected salary rates including on-costs. Expected future payments for long service leave are

NOTES TO THE FINANCIAL STATEMENTS (Continued)

discounted using market yields at the reporting date on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows. Liability for long service leave is calculated and accrued for in respect of all applicable employees (including on-costs) using an actuarial valuation.

Defined contribution cash accumulation schemes

The Company's contribution to its defined contribution cash accumulation schemes is recognised as an expense in the Statement of Comprehensive Income when incurred.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. The Company has no further payment obligations once the contributions have been paid.

The assets of the defined contribution cash accumulation scheme are held in trust and are not included in these financial statements as the Company does not have direct or indirect control of these schemes. The benefits under the schemes are provided from contributions by employee members and by the Company, and from income earned by the assets of the schemes. Members' contributions are at varying rates. Actuarial valuations are carried out at minimum of every three years. The Company does not operate a defined benefit superannuation scheme.

(iv) Provisions

The Company recognises provisions when there is a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably. The amount recognised is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation at the reporting date. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

G. EQUITY

(i) Issued shares

Issued shares are recognised at the amount paid per share net of directly attributable issue costs.

H. PRESENTATION

(i) Offsetting of income and expenses

Income and expenses are not offset unless required or permitted by an accounting standard. This generally arises in the following circumstances:

- where gains and losses arise from a group of similar transactions, such as foreign exchange gains and losses;
- where amounts are collected on behalf of third parties, where the Company is, in substance, acting as an agent only; or
- where costs are incurred on behalf of customers from whom the Company is reimbursed.

(ii) Offsetting of financial assets and liabilities

Assets and liabilities are offset and the net amount reported in the Statement of Financial Position only where there is:

- a current enforceable legal right to offset the asset and liability; and
- an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(iii) Statement of cash flows

For cash flow statement presentation purposes, cash and cash equivalents includes: cash on hand; deposits held at call with other financial institutions; and other short term, highly liquid, investments with original terms of maturity of three months or less that are readily convertible to cash and which are subject to an insignificant risk of changes in value.

Certain cash flows have been netted in order to provide more meaningful disclosure, as many of the cash flows are received and disbursed on behalf of customers and reflect the activities of the customers rather than those of the Company. These include customer loans and advances, customer deposits and related party balances.

(iv) Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Company's chief operating division maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete information is available.

(v) Goods and services tax

Income, expenses and assets are recognised net of the amount of goods and services tax ("GST") except where the amount of GST incurred is not recoverable from the Inland Revenue Department ("IRD"). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the IRD is included as other assets or other liabilities in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flow on a net basis. The GST components of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the IRD are classified as operating cash flows.

I. OTHER

(i) Contingent liabilities

A contingent liability is a liability of sufficient uncertainty that it does not qualify for recognition as a provision, but there is a possible obligation that is higher than remote.

Further disclosure is made within Note 23 unless it is considered remote that the Company will be liable to settle the possible obligation.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(ii) Accounting standards not early adopted

The following standards and amendments were available for early adoption but have not been applied by the Company in these financial statements. The Company currently does not intend to apply any of these pronouncements until their effective date and is assessing their impact on its financial statements.

Standards and amendments effective for periods commencing after 1 January 2013

- *NZ IFRS 9 Financial Instruments (2009 and 2010)*
Specifies a simpler methodology for classifying and measuring financial assets, with two primary measurement categories: amortised cost and fair value. Requires the amount of change in the fair value attributable to changes in credit risk of certain liabilities designated under the fair value option to be presented in other comprehensive income.
- *NZ IFRS 13 Fair value measurement*
Provides a single source of guidance on fair value measurement and requires certain disclosures regarding fair value.
- *NZ IAS 27 (2011) Separate Financial Statements*
Carries forward the existing accounting and disclosure requirements for separate financial statements.

Other amendments

- *Improvements to New Zealand equivalents to International Financial Reporting Standards 2010*
Is the International Accounting Standards Board's annual omnibus updates of standards.
- *Harmonisation Amendments & FRS-44 NZ Additional Disclosures*
Various minor amendments to additional disclosures required by NZ IFRS to improve harmonisation with IFRS.

2. CRITICAL ESTIMATES AND JUDGEMENTS USED IN APPLYING ACCOUNTING POLICIES

These financial statements are prepared in accordance with NZ IFRS. However, there are a number of critical accounting treatments which include complex or subjective judgements and estimates that may affect the reported amounts of assets and liabilities in the financial statements. 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.

An explanation of the judgements and estimates made by the Company in the process of applying its accounting policies, that have the most significant effect on the amounts recognised in the financial statements are set out below.

Credit provisioning

The accounting policy relating to measuring the impairment of loans and advances requires the Company to assess impairment at least at each reporting date. The credit provisions raised (collective and individual) represent management's best estimate of the losses incurred in the loan portfolio at balance date based on their experienced judgement.

The collective provision is estimated on the basis of historical loss experience for assets with credit characteristics similar to those in the collective pool. The historical loss experience is adjusted based on current observable data and events and an assessment of the impact of model risk. The provision also takes into account the impact of large concentrated losses within the portfolio.

The use of such judgements and reasonable estimates is considered by management to be an essential part of the process and does not impact on reliability.

Individual provisioning is applied when the full collectability of one of the Company's loans is identified as being doubtful. Individual and collective provisioning is calculated using discounted expected future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are revised regularly to reduce any differences between loss estimates and actual loss experience.

Refer to Note 9 for details of credit impairment provisions.

Management regularly reviews and adjusts the estimates and methodologies as improved analysis becomes available. Changes in these assumptions and methodologies could have a direct impact on the level of provision and impairment charge recorded in the financial statements.

Other judgements

Deferred tax assets

The Company has judged that there will be sufficient taxable income in the future to utilise taxable differences that are expected to reverse in the foreseeable future and has therefore recognised a deferred tax asset.

Yield related fees

The Company has reviewed all fees and has judged that certain fees are integral to the yield of the product. These fees have been included as part of the calculation of the effective interest rate.

Lease arrangements

The Company has reviewed lease arrangements where the Company is the lessor and have determined that those leases are finance leases.

Non-credit related provisions

The Company holds non-credit related provisions in respect of future obligations such as long service leave. Provisions carried for long service leave are supported by an independent actuarial report.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. INCOME	Year to 30/09/2011 \$000	Year to 30/09/2010 \$000
Interest income		
Interest received or receivable from lending:		
– Term loans	107,558	106,978
– Current accounts	8,582	7,277
– Hire purchase contracts	45,096	42,557
– Finance leases	15,250	15,071
– Individually impaired assets	3,236	2,305
– Related parties – ANZ National	2,961	1,685
Total interest income	182,683	175,873
Other operating income		
Lending and credit facility fee income	560	640
Other income	212	1,385
Total other operating income	772	2,025
Total income	183,455	177,898
4. EXPENSES	Year to 30/09/2011 \$000	Year to 30/09/2010 \$000
Interest expense		
– Borrowings	88,396	68,704
– Related parties – ANZ National	17,501	29,896
Total interest expense	105,897	98,600
Operating expenses		
Personnel costs	15,433	16,533
Pension costs – defined contribution schemes	443	422
Share-based compensation – ANZ National	223	218
Auditors' remuneration		
– In respect of auditing the financial statements	272	259
– In respect of other audit related services	14	14
Depreciation of premises and equipment	22	79
Amortisation of software	696	612
Fees paid to related parties – ANZ National ¹	8,150	9,372
Motor vehicle lease expenses	468	521
Loss on disposal of fixed assets	–	216
Other operating expenses	5,455	6,040
Total operating expenses	31,176	34,286

¹ Fees paid to ANZ National include payments for information technology, property, and other services, all of which have been charged on arms length basis.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. TAX EXPENSE	Year to 30/09/2011 \$000	Year to 30/09/2010 \$000
Reconciliation of the prima facie income tax payable on profit with the income tax expense charged in the Statement of Comprehensive Income		
Profit before income tax	41,491	27,669
Prima facie income tax at 30%	12,447	8,301
Non-deductible expenses	(48)	50
	12,399	8,351
Income tax under provided in prior years	401	19
Tax effect of change in domestic tax rate	(210)	1,130
Total income tax expense	12,590	9,500
Effective tax rate (%)	30.3%	34.3%
The major components of the income tax expense comprise:		
Current income tax charge	10,018	7,701
Adjustments recognised in the current period in relation to current tax of prior periods	401	19
Deferred tax (benefit)/expense relating to the origination and reversal of temporary differences	2,171	1,780
Total income tax expense recognised in Statement of Comprehensive Income	12,590	9,500

In May 2010, legislation was passed to reduce the New Zealand corporate tax rate from 30% to 28% effective for the 2011/2012 income tax year. The tax effect of change in domestic tax rate shown above is the impact on the value of deferred tax assets and liabilities as a result of the reduction in the corporate tax rate from 1 October 2010. The Company is a member of the NZ resident imputation subgroup which maintains an imputation credit account. Imputation credits held by the NZ resident subgroup are available for use by the Company.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. SEGMENT INFORMATION

The Company provides asset based secured finance to a wide range of industries including transport, agriculture, manufacturing, construction and government. The types of assets that are financed include plant, printing and IT equipment, motor vehicles, aircraft and construction machinery. The Company also offers personal secured finance for motor vehicles. The Company raises funds through a range of secured term and call debentures.

For management purposes the company is organised into one business segment which is reflective of the fact there are no distinguishable components providing related products and services that are subject to risks and returns that are different from other business segments. This approach is consistent with internal reporting provided to the chief operating decision makers.

The company operates predominately in the banking industry in New Zealand. The company has very limited exposure to risks associated with operating in different economic environment or political conditions. On this basis no geographical segment information is provided.

7. LOANS AND ADVANCES

	Note	30/09/2011 \$000	30/09/2010 \$000
Current accounts		185,232	185,357
Term loans		1,316,704	1,411,648
Hire purchase contracts		533,818	496,969
Finance leases		215,880	206,487
Gross loans and advances		2,251,634	2,300,461
Deferred fee revenue and expenses		(5,173)	(4,811)
Provision for credit impairment	9	(42,492)	(53,806)
Unearned income		(255,447)	(273,073)
Total net loans and advances		1,948,522	1,968,771

	30/09/2011		30/09/2010	
	Hire purchase contract receivables \$000	Finance lease receivables \$000	Hire purchase contract receivables \$000	Finance lease receivables \$000
Gross receivables				
- Less than one year	228,680	82,457	214,415	78,164
- One year to five years	305,136	132,794	282,546	126,746
- Later than five years	2	629	8	1,577
Total gross receivables	533,818	215,880	496,969	206,487
Less: unearned future finance income on receivables	84,257	32,482	79,308	32,226
Present value of minimum lease payments	449,561	183,398	417,661	174,261
Present value of minimum lease payments				
- Less than one year	215,366	78,148	201,670	74,173
- One year to five years	234,194	104,875	215,991	99,158
- Later than five years	1	375	-	930
Present value of minimum lease payments	449,561	183,398	417,661	174,261
Included in the above gross finance lease receivables are:				
- Residual value of finance leases	-	77,700	-	59,868
- Provision for credit impairment	(6,264)	(2,685)	(6,205)	(2,578)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. INDIVIDUALLY IMPAIRED, RENEGOTIATED AND PAST DUE LOANS AND ADVANCES	30/09/2011 \$000	30/09/2010 \$000
Individually impaired loans and advances		
Balance at beginning of the year	81,796	59,183
Transfer to individually impaired assets from past due assets	10,223	75,797
Transfer from individually impaired assets to past due assets	(3,096)	(2,558)
Assets realised or loans repaid	(10,713)	(28,138)
Write offs	(15,103)	(22,488)
Balance at end of the year	63,107	81,796
Renegotiated loans and advances		
Past due loans and advances		
Balance at beginning of the year	127,644	107,818
Net transfers to/(from) past due assets from/(to) productive assets	(64,857)	93,065
Transfers from past due assets to individually impaired assets	(10,223)	(75,797)
Transfers to past due assets from individually impaired assets	3,096	2,558
Balance at end of the year	55,660	127,644
Interest forgone on impaired loans and advances		
Gross interest receivable on impaired loans and advances	5,149	6,029
Less: interest recognised	(3,236)	(2,305)
Net interest forgone on impaired loans and advances	1,913	3,724

The past due loans and advances for the Company represent 2.47% of gross loans outstanding (30 September 2010: 5.55%). Past due loans and advances are considered to be temporarily overdue, but still collectible, and are therefore not impaired.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. PROVISION FOR CREDIT IMPAIRMENT ON LOANS AND ADVANCES	30/09/2011 \$000	30/09/2010 \$000
Collective provision		
Balance at beginning of the year	28,721	36,368
Credit to Statement of Comprehensive Income	(5,112)	(7,647)
Balance at end of the year	23,609	28,721
Individual provision (individually impaired loans and advances)		
Balance at beginning of the year	25,085	22,959
Charge to Statement of Comprehensive Income	10,003	24,990
Recoveries	2,134	1,929
Interest recognised on individually impaired assets	(3,236)	(2,305)
Bad debts written off	(15,103)	(22,488)
Balance at end of the year	18,883	25,085
Total provision for credit impairment	42,492	53,806
The following provides a reconciliation of the above movements in provisions for credit impairment reported in the Statement of Comprehensive Income.	Year to 30/09/2011 \$000	Year to 30/09/2010 \$000
Charge to Statement of Comprehensive Income		
New and increased individual provisions	15,928	32,088
Provision releases	(3,791)	(5,169)
Recoveries	(2,134)	(1,929)
Individual provision charge	10,003	24,990
Collective provision credit	(5,112)	(7,647)
Total charge to Statement of Comprehensive Income	4,891	17,343
Represented by:		
Corporate exposures	4,251	14,469
Retail exposures	640	2,874
Total charge to Statement of Comprehensive Income	4,891	17,343
10. Other Assets	30/09/2011 \$000	30/09/2010 \$000
Accrued interest receivable	138	186
GST receivable	-	4,986
Premises and equipment	22	44
Other assets	820	1,672
Total other assets	980	6,888

Accrued interest is receivable from ANZ National. Accrued interest on gross loans and advances is included with the value of the principal in Note 7.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. Deferred Tax Assets	30/09/2011 \$000	30/09/2010 \$000
Deferred tax assets		
Balance at beginning of the year	15,057	16,837
Credited/(charged) to Statement of Comprehensive Income	(2,171)	(1,780)
Balance at end of the year	12,886	15,057
Deferred tax assets comprise the following temporary differences:		
Provision for credit impairment	11,897	15,025
Equipment and software	(43)	(106)
Provisions and other liabilities	1,304	1,948
Lease finance	(4,314)	(3,432)
Other	4,042	1,622
Net deferred tax assets	12,886	15,057
Deferred tax credited/(charged) to the Statement of Comprehensive Income comprises the following temporary differences:		
Provision for credit impairment	(3,128)	(2,773)
Leasehold improvements, equipment and software	63	92
Provisions	(644)	(45)
Lease finance	(882)	367
Other	2,420	579
	(2,171)	(1,780)

The reduction in the corporate tax rate from 30% to 28% from the 2011/2012 tax year has been reflected when calculating the value of deferred tax assets as at 30 September 2011.

12. INTANGIBLE ASSETS	30/09/2011 \$000	30/09/2010 \$000
Software - gross carrying amount		
Balance at beginning of the year	3,110	2,297
Asset retirements	(2,297)	-
Additions from developments	1,062	813
Balance at end of the year	1,875	3,110
Software - accumulated amortisation		
Balance at beginning of the year	(1,913)	(1,301)
Asset retirements	2,297	-
Amortisation expense	(696)	(612)
Balance at end of the year	(312)	(1,913)
Total intangible assets	1,563	1,197

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. BORROWINGS	30/09/2011 \$000	30/09/2010 \$000
Current borrowings		
Secured debenture stock	1,245,216	1,058,009
	1,245,216	1,058,009
Non-current borrowings		
Secured debenture stock	243,006	320,301
ANZ National	200,000	450,000
Total borrowings	1,688,222	1,828,310

Registered secured debenture stock is constituted and secured by trust deed between certain companies within the UDC Finance Limited group (the "Charging Group") and independent trustees. The trust deed creates a security over all the assets, primarily loans and advances and operating lease assets, of the Charging Group. As at the date of these financial statements, the Company is the only member of the Charging Group.

The trust deed stipulates that the Charging Group must comply with certain conditions. These include that the aggregated amount of shareholder funds and uncalled capital be at least \$40 million at all times. The Charging Group has fully complied with these requirements during the financial period.

The Company has a committed credit facility available on demand with ANZ National of \$800 million (30 September 2010: \$800 million), of which \$200 million was utilised as at 30 September 2011 (30 September 2010: \$450 million). The interest rate on the committed credit facility at 30 September 2011 was 4.12% (30 September 2010: 4.20%). The current credit facility expires on 30 September 2013. The Company can extend the term of the credit facility subject to agreement with ANZ National.

ANZ National secured bank borrowings and secured debentures would rank equally in the event of priority claims over the assets of the Company.

14. PAYABLES AND OTHER LIABILITIES	30/09/2011 \$000	30/09/2010 \$000
Accrued interest payable	25,481	23,779
GST and withholding taxes payable	3,493	6,653
Other liabilities	13,055	10,698
Total payables and other liabilities	42,029	41,130

Included in total payables and other liabilities are intercompany settlement balances and accrued charges between the Company and other members of the ANZ National group of \$9,064,000 at 30 September 2011 (30 September 2010: \$4,932,000) and accrued interest payable to ANZ National of \$1,125,000 at 30 September 2011 (30 September 2010: \$1,459,000).

15. PROVISIONS	30/09/2011 \$000	30/09/2010 \$000
Provision for employee entitlements		
Balance at beginning of the year	1,026	1,186
Movement in provisions	(56)	(160)
Total provisions at end of year	970	1,026

The provision for employee entitlements provides mainly for the cost of annual leave and long service leave.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. Related Party Transactions

Transactions with key management personnel	Year to 30/09/2011 \$000	Year to 30/09/2010 \$000
Salaries and short-term employee benefits	2,041	2,401
Post-employment benefits	71	107
Other long-term benefits	12	12
Termination benefits	2	199
Share-based payments	31	46
Total compensation of key management personnel	2,157	2,765
Loans to key management personnel	-	152
Deposits from key management personnel	261	104

Loans made to and deposits held by key management personnel (including personally related parties) are made in the course of ordinary business on normal commercial terms and conditions no more favourable than those given to other employees or customers. Loans are fixed or variable and have been made in accordance with the Company's lending policies.

No provision for credit impairment has been recognised for loans made to key management personnel for the year ended 30 September 2011 (30 September 2010: \$nil).

Key management personnel is defined as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including directors and the Company's leadership team (whether executive or otherwise).

No provision for credit impairment on related party balances has been recognised for the year ended 30 September 2011 (30 September 2010: \$nil).

Transactions with other related parties

The parent company is ANZ National, which is incorporated in New Zealand. The ultimate parent company is Australia and New Zealand Banking Group Limited ("ANZ Group") which is incorporated in Australia. All members of the ANZ Group are considered to be related parties, and transactions with ANZ National and other members of the ANZ Group are disclosed throughout the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. CURRENT AND NON-CURRENT ASSETS AND LIABILITIES

	30/09/2011		30/09/2010	
	Current \$000	Non-current \$000	Current \$000	Non-current \$000
Assets				
Short-term deposits with ANZ National	57,532	-	135,518	-
Loans and advances	884,565	1,063,957	876,955	1,091,816
Other assets	958	22	6,844	44
Deferred tax assets	-	12,886	-	15,057
Intangible assets	-	1,563	-	1,197
Total assets	943,055	1,078,428	1,019,317	1,108,114
Liabilities				
Borrowings	1,245,216	443,006	1,058,009	770,301
Payables and other liabilities	42,029	-	41,130	-
Current income tax liabilities	11,318	-	6,922	-
Provisions	-	970	-	1,026
Total liabilities	1,298,563	443,976	1,106,061	771,327

Asset and liabilities are classified as current if:

- it is expected they will be realised, consumed or settled in the normal operating cycle or within twelve months after the end of the reporting date; or
- they are held primarily for trading; or
- they are assets that are cash or a cash equivalent; or
- they are liabilities where there is no unconditional right to defer settlement for at least twelve months.

Non-current assets include premises and equipment and intangible assets as well as financial assets of a long-term nature. Non-current liabilities include financial and non-financial liabilities which are expected to be settled after twelve months from balance date.

18. ORDINARY SHARE CAPITAL

Ordinary share capital	30/09/2011 Number of shares	30/09/2010 Number of shares
Total ordinary shares	52,352,000	52,352,000
Uncalled ordinary shares	(31,600,000)	(31,600,000)
Ordinary shares issued at beginning and end of the year	20,752,000	20,752,000
Ordinary paid in share capital	30/09/2011 \$000	30/09/2010 \$000
Total share capital	52,352	52,352
Uncalled share capital	(31,600)	(31,600)
Ordinary paid in share capital at beginning and end of the year	20,752	20,752

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company, and rank equally with regard to the Company's residual assets. No dividends were declared for the period to 30 September 2011 (30 September 2010: \$nil).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

19. FINANCIAL RISK MANAGEMENT

The Company manages risk through an approval, delegation and limits structure. Regular reviews of the policies, systems and risk reports are conducted within the Company and also by ANZ National and by Australia and New Zealand Banking Group Limited (the "Ultimate Parent Bank"). Throughout this document, references to Risk Management implicitly involve oversight by both related entities.

CREDIT RISK

Credit risk is the risk of financial loss from counterparties being unable to fulfil their contractual obligations. Credit risk arises when funds are extended, committed, invested or otherwise exposed through contractual agreements, and encompasses both on and off-balance sheet instruments.

The Company has an overall lending objective of sound growth for appropriate returns. The credit risk objectives of the Company are set by the Board, and by ANZ National and the Ultimate Parent Bank, and are implemented and monitored within a tiered structure of delegated authorities, designed to oversee multiple facets of credit risk, including asset writing strategies, credit policies/controls, single exposures, portfolio monitoring and risk concentrations.

A credit risk management framework is in place across the Company with the aim of ensuring a structured and disciplined approach is maintained in achieving the objectives set by the Board. The framework focuses on policies, people, skills, vision, values, controls, risk concentrations and portfolio balance. It is supported by portfolio analysis and business-writing strategies, which guide lending decisions and identify segments of the portfolio requiring attention. The effectiveness of the framework is monitored through a series of compliance and reporting processes.

An independent Risk Management function is staffed by risk specialists. In regard to credit risk management, the objective is for Risk Management to provide robust credit policies, to make independent credit decisions, and to provide strong support to front line staff in the application of sound credit practices. In addition to providing independent credit assessment on lending decisions, Risk Management also performs key roles in portfolio management by development and validation of credit risk measurement systems, loan asset quality reporting, and development of credit standards and policies.

The credit risk management framework is top down. Where required, the framework is defined firstly by ANZ's values and vision, and secondly, by credit principles and policies. The effectiveness of the credit risk management framework is validated through a compliance and monitoring processes.

Risk Management's responsibilities for credit risk policy and management are executed through dedicated departments, which support the business units. All major credit decisions require approval from both business writers and independent risk personnel.

The credit quality of financial assets is assessed by the Company using internal ratings which aim to reflect the relative ability of counterparties to fulfil, on time, their credit-related obligations, and is based on their current probability of default.

Customer risk grades are reviewed periodically (at least annually for large customers) to ensure the risk grade accurately reflects the credit risk of the customer and the prevailing economic conditions. Similarly, the performance of risk grading tools used in the risk grading process is reviewed regularly to ensure the tools remain statistically valid.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

a. Maximum exposure to credit risk

The maximum credit risk of on-balance sheet financial assets is best represented by the carrying amount of the assets, net of any allowance for credit impairment. The credit risk exposure does not take into account the fair value of any collateral in the event of other parties failing to perform their obligations under financial instruments.

	30/09/2011 \$000	30/09/2010 \$000
On-balance sheet credit exposure		
Short-term deposits with ANZ National	57,532	135,518
Loans and advances	1,948,522	1,968,771
Other financial assets	958	1,858
Total financial assets	2,007,012	2,106,147
Off-balance sheet credit exposure		
Contingent liabilities	1,706	1,173
Credit related commitments	228,825	222,196
Foreign exchange forward rate contracts	-	92
Total off-balance exposures	230,531	223,461

b. Distribution of financial assets by credit quality

	30/09/2011			30/09/2010		
	Corporate Exposures \$000	Retail Exposures \$000	Total \$000	Corporate Exposures \$000	Retail Exposures \$000	Total \$000
Neither past due nor impaired	1,182,446	748,291	1,930,737	1,242,630	707,883	1,950,513
Past due but not impaired:						
1 to 90 days	14,801	25,320	40,121	71,596	41,269	112,865
over 90 days	8,868	6,671	15,539	7,623	7,156	14,779
Net individually impaired assets	37,272	6,952	44,224	47,535	9,176	56,711
Collective provision for impairment	(14,169)	(9,440)	(23,609)	(17,708)	(11,013)	(28,721)
Total financial assets	1,229,218	777,794	2,007,012	1,351,676	754,471	2,106,147

NOTES TO THE FINANCIAL STATEMENTS (Continued)

c. Concentrations of credit risk

The Company monitors concentrations of credit risk by industry and geographic location. The concentration below exclude related party exposures.

Concentrations by geographic region	30/09/2011	30/09/2010
Auckland	31.9%	31.9%
Rest of North Island	39.9%	39.5%
Canterbury	13.2%	13.3%
Rest of South Island	15.0%	15.3%
Concentrations of credit risk to individual counterparties or groups of closely related counterparties that exceed 10% of total equity		
As a % of total on-balance sheet financial assets	4.4%	4.4%
As a % of total equity	32.2%	36.9%
Number of counterparties whose net loans and advances exceeds 10% of total equity		
10%-19%	1	1
20%-29%	1	1

Concentrations of credit risk by industry

The analysis of financial assets by industry sector was prepared using Australian and New Zealand Standard Industrial Classification ("ANZSIC") codes:

	30/09/2011 \$000	30/09/2010 \$000
Agriculture, forestry and fishing	345,163	323,180
Mining	13,155	12,220
Manufacturing	163,316	183,810
Electricity, gas and water	4,472	3,685
Construction	197,138	203,812
Retail and wholesale	218,096	216,089
Accommodation, cafes and restaurants	11,092	12,164
Transport and storage	351,072	395,058
Communications	24,562	23,879
Finance, investment and insurance	67,078	144,543
Property and business services	128,340	138,269
Government administration and defence	6,351	8,233
Education	84,268	82,577
Health and community services	26,011	23,280
Entertainment, leisure and tourism	30,596	34,054
Personal and other services	336,302	301,294
Total financial assets	2,007,012	2,106,147

NOTES TO THE FINANCIAL STATEMENTS (Continued)

d. Concentrations of credit risk by internal risk grading	30/09/2011 \$000	30/09/2010 \$000
0 - 2	141,125	218,448
3 - 4	178,554	164,429
5	558,865	559,026
6	1,002,250	1,001,705
7 - 8	105,603	134,549
Default	63,107	81,796
Gross exposure to credit risk	2,049,504	2,159,953
Less: Provision for credit impairment	(42,492)	(53,806)
Total financial assets	2,007,012	2,106,147

Exposures to credit risk are graded by an ANZ National risk grade mechanism. Grade 0 is the highest quality credit risk. Grades 1-8 represent ascending steps in management's assessment of exposure at risk.

e. Estimated value of collateral and other charges related to financial assets that are individually impaired

	30/09/2011 \$000	30/09/2010 \$000
Gross credit exposure on impaired loans and advances	63,107	81,796
Unsecured portion of credit - loans and advances	(18,883)	(25,085)
Total value of collateral - loans and advances	44,224	56,711

INTEREST RATE RISK

Interest rate risk for the Company is managed within the wider ANZ National group. As the Company is a wholly owned subsidiary of ANZ National all interest rate sensitivity analysis is managed at a group level.

The Company's interest rate risk has been transferred to ANZ National through the adoption of ANZ National's funds transfer pricing system, with charges and receipts based on market rates. ANZ National uses simulation models to quantify the potential impact of interest rate changes on earnings and the market value of the balance sheet. Interest rate risk management focuses on three principal sources of risk: mismatches between repricing dates of interest bearing assets and liabilities; the investment of capital and other non-interest bearing liabilities in interest bearing assets; and the potential risk to earnings or market value from differences between customer pricing and wholesale market pricing.

Interest rate sensitivity analysis and weighted effective interest rates

The cash flows relating to the Company's fixed rate assets and liabilities are not sensitive to changes in interest rates as they are at fixed rates and are measured at amortised cost. The Company's derivatives and other financial assets and liabilities are non interest bearing.

A change in interest rates of 1% on floating rate assets would have an impact of \$2.13m (30 September 2010: \$2.66m) on total comprehensive income.

A change in interest rates of 1% on floating rate liabilities would have an impact of \$1.67m (30 September 2010: \$1.89m) on total comprehensive income.

ANZ National uses a combination of pricing initiatives and off-balance sheet instruments in the management of interest rate risk. For example, where a strong medium to long term rate view is held, hedging and pricing strategies are used to modify the profile's rate sensitivity so that it is positioned to take advantage of the expected movement in interest rates. However, such positions are taken within the overall risk limits specified by policy.

The following tables represent the interest rate sensitivity of the Company's assets, liabilities and off balance sheet instruments by showing the periods in which these instruments may reprice (that is, when interest rates applicable to each asset or liability can be changed).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

The repricing gaps are based upon contractual repricing information except where the contractual terms are not considered to be reflective of actual interest rate sensitivity, for example, those assets and liabilities priced at the Company's discretion. In such cases, the rate sensitivity is based upon historically observed and/or anticipated rate sensitivity.

	Weighted Effective Interest Rate	Total Carrying Value \$000	At Call Or Within 3 Months \$000	3-6 Months \$000	6-12 Months \$000	1-2 Years \$000	2-5 Years \$000	Beyond 5 Years \$000	Not Interest bearing \$000
30/09/2011									
Financial assets									
Short-term deposits with ANZ National	2.50%	57,532	57,532	-	-	-	-	-	-
Loans and advances	9.46%	1,948,522	1,004,405	113,718	208,698	333,466	285,534	2,701	-
Other financial assets	n/a	958	-	-	-	-	-	-	958
Total financial assets		2,007,012	1,061,937	113,718	208,698	333,466	285,534	2,701	958
Financial liabilities									
Borrowings	4.92%	1,688,222	947,625	264,563	233,029	132,566	110,411	28	-
Other financial liabilities	n/a	38,536	-	-	-	-	-	-	38,536
Total financial liabilities		1,726,758	947,625	264,563	233,029	132,566	110,411	28	38,536
30/09/2010									
Financial assets									
Short-term deposits with ANZ National	3.00%	135,518	135,518	-	-	-	-	-	-
Loans and advances	9.65%	1,968,771	986,100	117,843	214,164	346,158	298,253	6,253	-
Other financial assets	n/a	1,858	-	-	-	-	-	-	1,858
Total financial assets		2,106,147	1,121,618	117,843	214,164	346,158	298,253	6,253	1,858
Financial liabilities									
Borrowings	4.97%	1,828,310	546,822	220,514	290,673	653,254	117,047	-	-
Other financial liabilities	n/a	34,477	-	-	-	-	-	-	34,477
Total financial liabilities		1,862,787	546,822	220,514	290,673	653,254	117,047	-	34,477

LIQUIDITY RISK

Liquidity risk is the risk that the Company is unable to meet its payment obligations as they fall due. The timing mismatch of cash flows and the related liquidity risk is inherent in all banking operations and is closely monitored by the Company and its Board.

The Company's liquidity and funding risks are governed by a detailed policy framework which is approved by Board. The core objective of the Company's framework is to manage liquidity to meet obligations as they fall due, without incurring unacceptable losses.

The Company manages liquidity risk through its daily cash forecast. This forecast takes into consideration contractual maturities for financial liabilities and assets. The Company also maintains committed credit facilities with ANZ National to cover liquidity risks.

Contractual maturity analysis of financial assets and liabilities

The tables below present the Company's financial assets and liabilities within relevant contractual maturity groupings, based on the earliest date on which the Company may be required to realise an asset or settle a liability. The amounts disclosed in the tables represent undiscounted future principal and interest cash flows and may differ to the amounts reported on the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

The Company does not manage its liquidity risk on the basis of the information below.

	Total \$000	At Call Or Within 3 Months \$000	3-6 Months \$000	6-12 Months \$000	1-2 Years \$000	2-5 Years \$000	Beyond 5 Years \$000
30/09/2011							
Assets							
Short-term deposits with ANZ National	57,532	57,532	-	-	-	-	-
Loans and advances	2,204,328	460,232	193,716	356,202	566,751	597,949	29,478
Other financial assets	958	958	-	-	-	-	-
Total financial assets	2,262,818	518,722	193,716	356,202	566,751	597,949	29,478
Liabilities							
Secured debenture stock	1,529,225	756,821	267,817	238,762	139,088	126,708	29
Committed credit facility utilised	200,000	-	-	-	200,000	-	-
Other financial liabilities	38,536	38,536	-	-	-	-	-
Total financial liabilities	1,767,761	795,357	267,817	238,762	339,088	126,708	29
30/09/2010							
Assets							
Short-term deposits with ANZ National	135,518	135,518	-	-	-	-	-
Loans and advances	2,242,861	463,211	195,266	351,091	572,698	629,948	30,647
Other financial assets	1,858	1,858	-	-	-	-	-
Total financial assets	2,380,237	600,587	195,266	351,091	572,698	629,948	30,647
Liabilities							
Secured debenture stock	1,428,197	559,183	223,248	297,911	213,356	134,499	-
Committed credit facility utilised	450,000	-	-	-	450,000	-	-
Other financial liabilities	34,477	34,477	-	-	-	-	-
Total financial liabilities	1,912,674	593,660	223,248	297,911	663,356	134,499	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

CURRENCY RISK

Currency risk relates to the potential loss arising from the decline in the value of foreign currency positions, due to changes in foreign exchange rates. For non-traded instruments in foreign currencies, the risk is monitored and is hedged in accordance with policy. Risk arising from individual funding and other transactions are actively managed. The total amount of unmatched foreign currency assets and liabilities, and consequent foreign currency exposure arising from each class of financial asset or liability, whether recognised or unrecognised, within each currency is not material.

CAPITAL MANAGEMENT POLICY

The Company considers share capital and retained earnings to be capital for management purposes. The Trustee sets and monitors capital requirements for the Company as a whole. The Trustee requires the Company to maintain the aggregate amount of "Shareholders Funds" and "Uncalled Capital", as defined in the Trust Deed, at a value of not less than \$40 million. The Company is also required to comply with certain minimum capital requirements under Deposit Takers (Credit Ratings, Capital Ratios and Related Party Exposures) Regulations 2010 as introduced by the Reserve Bank of New Zealand's ("RBNZ").

The Company's policy is to maintain a strong capital base so as to maintain shareholder, creditor and market confidence and to sustain future development of the business. The level of capital also affects the shareholder's return and the Company recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position. The Company has complied with all Trustee and RBNZ imposed capital requirements throughout the period.

OTHER MATERIAL BUSINESS RISKS

The Company is also exposed to operational risks that are potentially inherent in day to day operations. These risks include natural disasters, criminal activity including fraud and forgery, systems failure, personnel failure and non-compliance with legislation and regulations. In accordance with Company policy, operational risks are managed as part of the day to day running of all business operations. Specialist units within ANZ National assist in managing operational risks by setting standards and policies, providing advisory and investigating services and monitoring compliance.

20. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Estimation of fair value

Where market prices are not available, the estimation of fair value involves the exercise of judgement in selecting valuation techniques and variables, such as discount rates, and may not reflect the price that would apply in an actual sale. Changing the assumptions changes the resulting estimate of fair value.

Short-term deposits

Where these financial instruments are short-term in nature, defined as those that reprice or mature in 90 days or less, or are receivable on demand, the carrying values are considered to approximate the fair values.

Loans and advances

Fair value has been estimated through discounting future cash flows. For fixed rate loans and advances, the discount rate applied incorporates changes in wholesale market rates, ANZ National's cost of wholesale funding and movements in customer margin. For floating rate loans, only changes in wholesale market rates and the ANZ National's cost of wholesale funding are incorporated in the discount rate. For variable rate loans where the Company sets the applicable rate at its discretion, the carrying value is considered to approximate the fair value.

Where the Company has established fair value using a market interest rate, the rate used for loans and advances is 8.95% (30 September 2010: 9.22%).

Other financial assets/liabilities

Included in this category are accrued interest and fees receivable/payable. For these balances the carrying value is considered to approximate the fair values, as they are short term in nature or are receivable/payable on demand.

Deposits and other borrowings

For interest bearing fixed maturity deposits and other borrowings without quoted market prices, market borrowing rates of interest for debt with similar maturity are used to discount contractual cash flows. The fair value of a deposit liability without a specified maturity or at call is deemed to be the amount payable on demand at the reporting date. The fair value is not adjusted for any value expected to be derived from retaining the deposit for a future period of time.

Where the Company has established fair value using a market interest rate, the rate used for debenture borrowings is 5.38% (30 September 2010: 5.54%).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Comparison of carrying amount to fair value

The table below summarises the carrying amounts and fair values of each class of financial assets and liabilities. All financial assets and liabilities are carried at amortised cost. The methods and significant assumptions applied in determining fair values are outlined above.

	30/09/2011		30/09/2010	
	Carrying Amount \$000	Fair Value \$000	Carrying Amount \$000	Fair Value \$000
Financial assets				
Short-term deposits with ANZ National	57,532	57,532	135,518	135,518
Loans and advances	1,948,522	1,962,259	1,968,771	1,982,419
Other financial assets	958	958	1,858	1,858
Total financial assets	2,007,012	2,020,749	2,106,147	2,119,795
Financial liabilities				
Borrowings	1,688,222	1,698,384	1,828,310	1,834,642
Payables and other financial liabilities	38,536	38,536	34,477	34,477
Total financial liabilities	1,726,758	1,736,920	1,862,787	1,869,119

21. NOTES TO THE STATEMENT OF CASH FLOWS

	Year to 30/09/2011 \$000	Year to 30/09/2010 \$000
Reconciliation of profit after income tax to net cash flows used in operating activities		
Profit after income tax	28,901	18,169
Non-cash items:		
Revaluation of derivative financial instruments	-	80
Depreciation of leasehold improvements and equipment	22	79
Provision for credit impairment	4,891	17,343
Amortisation of intangible assets	696	612
Deferrals or accruals of past or future operating cash receipts or payments:		
Net change in net operating assets less liabilities	21,767	(164,926)
Net change in accrued interest receivable	48	(122)
Net change in accrued interest payable	1,702	(9,505)
Net change in accrued expenses	(1,736)	(498)
Net change in deferred fee revenue and expenses	362	1,205
Net change in income tax assets/liabilities	6,567	5,048
Net change in provisions	(56)	(160)
Items classified as investing/financing:		
Loss on disposal of fixed assets	-	216
Net cash flows used in operating activities	63,164	(132,459)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

22. LEASE COMMITMENTS

	30/09/2011 \$000	30/09/2010 \$000
Future minimum lease payments under non-cancellable operating leases		
- Less than one year	410	312
- One year to five years	312	499
Total commitments	722	811

23. CONTINGENT LIABILITIES, CREDIT RELATED COMMITMENTS AND MARKET RELATED CONTRACTS

Fair value information in respect of off-balance sheet financial instruments has not been disclosed as the estimated fair value is not material. The face or contract values of off-balance sheet financial instruments are as follows:

	30/09/2011 \$000	30/09/2010 \$000
Contingent liabilities		
Standby letters of credit	1,706	1,173
Commitments to extend credit		
- Undrawn facilities available to customers	193,519	193,285
- Conditional commitments to fund at future dates	35,306	28,911
Foreign exchange contracts		
Foreign exchange forward rate contracts	-	92
Total off-balance sheet financial instruments	230,531	223,461

24. Funds Management and Other Fiduciary Activities

The Company acted as Manager for UDC Investment Funds, under which the following funds have been operated - UDC Call Maximiser Fund, UDC Term Maximiser Fund, ANZ Call Fund and ANZ Term Fund (together, the "Funds"). These Funds are managed as separate unit trusts. UDC Call Maximiser Fund and UDC Term Maximiser Fund began taking deposits in May 2008. ANZ Call Fund and ANZ Term Fund began taking deposits in October 2008 and were wound up in September 2011.

The assets of UDC Call Maximiser Fund and UDC Term Maximiser Fund are invested in the Company's secured debenture stock on normal market terms.

The assets and liabilities of the Funds are not included in these financial statements as they are not beneficially owned by the Company.

No fees were earned in respect of the Company's management activities. The Company paid expenses on behalf of the unit trusts of \$44,000 (30 September 2010: \$87,000) for which no consideration was received (30 September 2010: Nil).

On behalf of each of the UDC Call Maximiser Fund and UDC Term Maximiser Fund, ANZ National holds a bond with a face value of \$40,000 in favour of Her Majesty the Queen.

	Unaudited 30/09/2011 \$000	Unaudited 30/09/2010 \$000
UDC Call Maximiser Fund and UDC Term Maximiser Fund	51,160	58,544
ANZ Call Fund and ANZ Term Fund	-	47,242
Total funds under management	51,160	105,786

25. Subsequent Events

Subsequent to balance date, the Company has drawn down an additional \$150 million of the committed credit facility with ANZ National. As at the date these financial statements were approved, the total amount borrowed under the facility was \$350 million.



The Directors
UDC Finance Limited
Level 6,
1 Victoria Street
WELLINGTON

15 December 2011

Dear Directors

AUDIT OPINION ON THE FINANCIAL STATEMENTS INCLUDED IN PROSPECTUS NO. 65

As auditor of UDC Finance Limited (the "Company") we have prepared this report pursuant to clause 22 of the Second Schedule of the Securities Regulations 2009 for inclusion in the Prospectus dated 15 December 2011 and for no other purpose.

REPORT ON THE FINANCIAL STATEMENTS

We have audited accompanying financial statements of UDC Finance Limited included in this Prospectus, set out in pages 32 to 57. The financial statements comprise the statement of financial position as at 30 September 2011 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation of financial statements in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

Auditors' Responsibilities

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Our firm has also provided other audit services to the Company. Partners and employees of our firm may also deal with the company on normal terms within the ordinary course of trading activities of the business of the company. There are, however, certain restrictions on dealings which the partners and employees of our firm can have with the Company. These matters have not impaired our independence as

auditors of the company. The firm has no other relationship with, or interest in, the company.

Opinion

In our opinion the financial statements of UDC Finance Limited included set out on pages 32 to 57 of the Prospectus:

- comply with generally accepted accounting practice in New Zealand;
- give a true and fair view of the financial position of the company as at 30 September 2011 and of its financial performance and cash flows for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of section 16(1)(d) and section 16(1)(e) of the Financial Reporting Act 1993 and clauses 22(d) and 22(e) of Schedule 2 of the Securities Regulations 2009, we report that:

- we have obtained all the information and explanations we have required; and
- in our opinion proper accounting records have been kept by UDC Finance Limited as far as appears from our examination of those records.

Our audit was completed on 9 December 2011 and our unqualified opinion was expressed as at that date. We have not undertaken any procedures from the date of completion of our audit.

OTHER MATTERS

Responsibility for Updating

We have no responsibility to update our opinion on any of the matters above for events and circumstances occurring after the date of this report.

Restriction on Use

This report has been prepared for inclusion in the prospectus dated 15 December 2011 for the purpose of meeting the requirements of Clause 22 of the Second Schedule to the Securities Regulations 2009. We disclaim any assumption of responsibility for reliance on this report or the amounts included in the financial statements for any other purpose other than that for which they were prepared. In addition, we take no responsibility for, nor do we report on, any part of the Prospectus not specifically mentioned in this report.

Auditor's Consent

In accordance with regulation 18(1)(c)(ii) of the Securities Regulations 2009, we hereby give our consent to the inclusion of this report in the prospectus in the form in which it appears. We also confirm that we have not, before delivery of this prospectus, withdrawn our consent to the issue thereof.

Yours faithfully

Auckland

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Corresponding reference to provisions of the Second Schedule to the Securities Regulations 2009

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