

**Update to Advisors  
of Provincial Finance Limited (In Receivership)  
13 July 2006**

As you may be aware, we have a statutory obligation to formally report to the registrar of Companies by the end of July with our first statutory report of the Receivers. Recognising that you are receiving day to day enquires about Provincial, we take this opportunity to provide you with an interim update of the current status of the Receivers activities and the affairs of Provincial.

- good progress has been made to date in strengthening collection processes with a view to reducing the general level of arrears
- new avenues have been explored to dispose of repossessed vehicles, with good success in the recent Receivers' Sale
- staff at Provincial have been extremely supportive and professional and as a consequence collections to date have been in line with our preliminary expectations
- we are continuing to see if restructuring is possible, and are currently in discussions with a number of parties that would be involved in such a restructure
- at this stage we cannot put a time frame on the restructure nor provide any certainty as to whether a restructure will succeed. Any restructure must be viable and protect debentureholders
- we remain hopeful that if the collection of the loan book is successful, investors should receive most if not all of their initial investment back
- we still expect to make an interim distribution to debenture holders, together with a full update on the status of any restructure by the end of September. It is likely that any such distribution will be in the range of 10 - 20 cents on the initial investment made

We also note that in recent publicity it was alluded that Provincial continued to accept monies of up to \$12 million after its prospectus was withdrawn. For the record we note that all such monies received after the date of the withdrawal of the prospectus (7 May 2006) were not accepted and were repaid by Provincial. In addition, monies received subsequent to the Trustee advising Provincial that it was in breach of its trust deed requirements (10 April 2006), were held in trust by the Trustee and have been refunded to the investors by the Trustee.

Maurice Noone  
Joint Receiver