

Document Number

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The Securities Act 1978

# MEMORANDUM OF AMENDMENTS TO A REGISTERED PROSPECTUS

(Section 43)

Name of  
Issuer

MUTUAL CREDIT FINANCE LIMITED
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Issuer Number

125046
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## Introduction

Mutual Credit Finance Limited (the *Company*) registered a prospectus for an issue of \$20,000,000 of first ranking secured debt instruments and \$20,000,000 of second ranking secured debt instruments dated 2 November 2009 under the Securities Act 1978 (the *Act*) at the Companies Office which has been amended pursuant to a Memorandum of Amendments to a Registered Prospectus dated 23 December 2009 and extended by the filing of a directors' certificate dated 23 December 2009 (the *Prospectus*).

The Company now wishes to further amend the Prospectus, in accordance with section 43 of the Act.

## Amendments

The amendments to the Prospectus are as follows.

- 1 On the cover page of the Prospectus, after the words "2 November 2009", add the words: "*(as amended by Memoranda of Amendments dated 23 December 2009 and 5 March 2010)*".
- 2 On page 1 of the Prospectus, under the heading "Prospectus", after the words "This Prospectus dated 2 November 2009", add the words "*(as amended by Memoranda of Amendments dated 23 December 2009 and 5 March 2010)*".
- 3 On page 1 of the Prospectus, under the heading "Prospectus", replace paragraph two headed "Important Note" with the following:

**"Important Notes:**

Crown Guarantee Scheme

*The Company's guarantee under the New Zealand deposit guarantee scheme was withdrawn with effect from 1 January 2010 due to the Company determining not to enter into a revised guarantee deed with the Crown. As a result, it is important that Investors' note the following:*

- (1) *All new investments made or investments that are rolled over after 31 December 2009 will not be covered by any deposit guarantee scheme.*

- (2) *All new investments made or investments that are rolled over on or prior to 31 December 2009 will continue to be covered by the terms of the Company's existing Crown guarantee deed, until 12 October 2010. Any principal and interest payments that become payable to holders of Debt Instruments after 12 October 2010 will not have the benefit of the guarantee.*

*In addition, as a result of the Company determining not to enter into a revised guarantee deed with the Crown, the Company is not eligible to apply to join the separate extended guarantee scheme. See the "Guarantors" section of this Prospectus on page 30 for further information about the guarantee scheme.*

*Creditworthiness of the Company not rated*

*The Company is a deposit taker for the purposes of the Reserve Bank of New Zealand Act 1989. Under that Act from 1 March 2010, a deposit taker is required to have a current rating of its creditworthiness given by a rating agency approved by the Reserve Bank of New Zealand (the Reserve Bank). The creditworthiness of the Company is not rated by a rating agency approved by the Reserve Bank as the Company is operating under an exemption from the requirement under Section 1571 of the Reserve Bank of New Zealand Act 1989 to have a credit rating.*

*Pursuant to the Deposit Takers (Credit Ratings Minimum Threshold) Exemption Notice 2009 (the Exemption Notice) the Company is exempted from this requirement because the Company's liabilities were less than \$20 million for the year preceding 1 October 2009, making it unduly onerous and burdensome to comply with the requirements under the Reserve Bank of New Zealand Act 1989 to have a credit rating. The Company gave the Reserve Bank written notice that it would be operating on the exemption in accordance with the Exemption Notice on 3 February 2010.*

*The exemption applies for the year beginning 1 March 2010. The exemption will also apply for the year commencing on 1 March 2011 and for the year commencing on 1 March 2012 if:*

- (a) *the Company's liabilities for the year preceding 1 October 2010 and 1 October 2011 respectively, is less than \$20 million; and*
- (b) *the Company provides to the Reserve Bank prior to the end of February in the year to which the exemption applies, a statement from the directors of the Company that the Company meets the requirements of the exemption for that forthcoming year."*

- 4 *On page 3 of the Prospectus, in the definition of "Prospectus", after the words "means this Prospectus dated 2 November 2009", add the words "(as amended by Memoranda of Amendments dated 23 December 2009 and 5 March 2009)."*
- 5 *On page 30 of the Prospectus, replace the section entitled "Guarantors" with the following:*

### **"Guarantors**

*The Company had a guarantee under the New Zealand deposit guarantee scheme, by virtue of entering into a Crown Deed of Guarantee with Her Majesty the Queen in right of New Zealand dated 21 November 2008. In November 2009, the Crown announced that it had decided to withdraw the existing Crown guarantee deeds (including the Crown guarantee deed entered into with the Company) and offered each entity covered by such existing Crown guarantee deed (including the Company) the opportunity to enter into a revised guarantee deed. The Company declined the offer and consequently, the Company's Crown guarantee deed was withdrawn with effect from 1 January 2010, resulting in:*

- (a) all new investments made in the Company or investments that are rolled over in the Company after 31 December 2009 not being covered by any Crown guarantee scheme; and*
- (b) all new investments made in the Company or investments that are rolled over in the Company on or prior to 31 December 2009 continuing to be covered by the terms of the Company's existing Crown guarantee deed until 12 October 2010. Principal and interest amounts that become payable to Debt Instrument Holders after this date will not have the benefit of such guarantee.*

*It was announced in late August 2009 that the guarantee scheme will be extended from 13 October 2010 to 31 December 2011 but that the extended scheme will in effect be a new scheme with new entry criteria. While the extension of the guarantee scheme is separate to the offer to the Company to enter into a revised Crown guarantee deed, the Company is not eligible for cover under the extended scheme as a result of its decision not to enter into a revised deed of guarantee with the Crown.*

*The Company expects reinvestment rates and new investment rates to be impacted as a result of the Company determining not to enter into a revised deed of guarantee with the Crown and not being eligible to obtain cover under the extended New Zealand Deposit Guarantee Scheme. The Company has forecasted that it requires reinvestment rates to remain at approximately 50% in the next 12 months to remain cashflow positive. The First Ranking Debt Instrument reinvestment rate for the financial year ended 31 March 2009 was 52.5% while the First Ranking Debt Instrument rate from 1 April 2009 to 31 August 2009 was 78.5%.*

*Further information about the deposit guarantee scheme is available, free of charge, and at all reasonable times, on the Internet site maintained by, or on behalf of, the Treasury. The most recent audited statement of financial position of the Crown is available, free of charge, and at all reasonable times, on the Internet site maintained by, or on behalf of the Treasury.*

*Other than the guarantee under the New Zealand deposit guarantee scheme described above, there is no guarantor of the Debt Instruments issued under this Prospectus nor of the payment of interest thereon."*

- 6 On page 30 of the Prospectus, under the heading "*Details of incorporation of the Issuer*" and on page 34 of the Prospectus under the heading "*Place of Inspection of Documents*", replace the words "*Companies Office Contact Centre*" with the words "*Ministry of Economic Development Business Service Centre*".
- 7 On page 32 of the Prospectus, replace the first paragraph under the heading "*Crown Deed of Guarantee*" with the following:

*"The Company had a guarantee under the New Zealand deposit guarantee scheme, by virtue of entering into a Crown Deed of Guarantee (Non-Bank Deposit Taker) with Her Majesty the Queen in right of New Zealand dated 21 November 2008. This Crown guarantee deed was withdrawn with effect from 1 January 2010."*

- 8 On page 35 of the Prospectus, under clause 17 "*Other material matters*", after the section entitled "*Resignation of director*" add a new section entitled "*Personnel*" before sub heading "*Sale of Receivables*", to read as follows:

***Personnel***

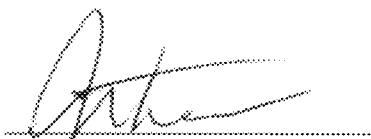
*On 26 February 2010 David Tier ceased to be CEO of the Company and on 1 March 2010 became a Director as well as Chairman of the Board of Directors of the Company. On 1 March 2010 Clint Barry ceased to be Lending Manager of the Company and was appointed General Manager of the Company."*

- 9 Replace page 76 of the Prospectus entitled "*Directory*" with the Directory in the Schedule to this Memorandum.

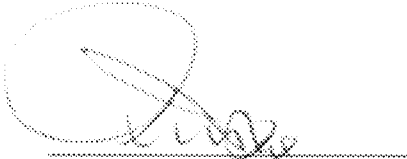
A copy of the Prospectus as amended accompanies this memorandum.

**Dated:** 5 March 2010

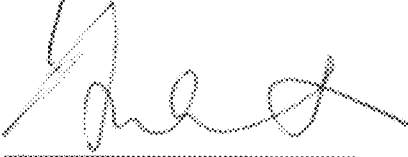
**Signed by** all the directors of Mutual Credit Finance Limited



J A Wheelans



P Rae



A M Oorschot



D Tier

**SCHEDULE:****DIRECTORY****Issuer**

Mutual Credit Finance Limited  
 Registered Office:  
 Ashton Wheelans & Hegan Limited  
 Level 4  
 127 Armagh Street  
 Christchurch

**Directors**

**John A Wheelans** BCom, CA(PP)  
 Chartered Accountant  
 1 Helmores Lane  
 Christchurch

**Andrew M Oorschot** BCom, CA(PP), CMA  
 Chartered Accountant  
 15 Jane Deans Close  
 Christchurch

**Peter Rae** F.C.A., A.F.N.Z.I.M.  
 Company Director  
 5 Westridge  
 Scarborough  
 Christchurch

**David Tier** C.A.  
 29 Brigham Drive  
 Halswell  
 Christchurch

**General Manager**

Clint Barry

**The Registrar of Debt Instruments and location of register**

Mutual Credit Finance Limited  
 P O Box 13 042  
 Level 5  
 127 Armagh Street  
 Christchurch

Telephone: 03 968 8808  
 Facsimile: 03 968 8804  
 Email: contactus@mcf.co.nz

**Trustee**

Trustees Executors Limited  
 Level 5  
 10 Customhouse Quay  
 PO Box 3232  
 Wellington

**Banker**

ANZ National Bank Limited  
 164 Hereford Street  
 Christchurch

**Auditor**

PricewaterhouseCoopers  
 Level 12  
 119 Armagh Street  
 Christchurch

**Solicitor**

Chapman Tripp  
 Level 7  
 119 Armagh Street  
 Christchurch

Lane Neave  
 Level 15  
 119 Armagh Street  
 Christchurch